

USAID/ALBANIA

FY 2003

**RESULTS REVIEW &
RESOURCE REQUEST
(R4)**

Please Note:

The attached FY 2002 Results Review and Resource Request ("R4") was assembled and analyzed by the country or USAID operating unit identified on this cover page.

The R4 is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

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Arlington, VA 22209-2111
Telephone: 703/351-4006 Ext. 106
Fax: 703/351-4039
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The attached results information is from the FY 2003 Results Review and Resource Request (R4) for Albania and was assembled and analyzed by USAID/Albania.

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Washington D.C

April 20, 2001

INFORMATION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR,
BUREAU FOR EUROPE AND EURASIA

FROM: Howard J. Sumka, Director, USAID/Albania

SUBJECT: USAID/Albania Results Review and Resource Request, FY 2002

I am pleased to submit USAID/Albania's Results Review and Resource Request for 2003. It documents a continuing record of success despite the constraints that still impede our operations and those of our implementing partners.

During the past year, Albania continued to enjoy strong economic growth with low inflation. This pattern began nearly three years ago once the country overcame the economic collapse of 1997. Albania made significant process in deepening democracy and maintaining rule of law. Most importantly, it held nationwide local government elections that the international community judged to be "mostly free and fair." Albania has made great strides towards becoming a reliable and stable member of the regional community. It has been an active player in the Stability Pact, and it attained membership in the World Trade Organization. USAID programs supported each of these accomplishments and were instrumental to the achievement of some.

The FY 2003 R4 reports on our accomplishments under our old Results Framework. The Resource Request is based on the new RF, which was developed for our revised Strategic Plan, 2001-2004. During last year's R4 review, we recommended that we revise the Plan, and the Bureau agreed. The new Plan, which the Bureau approved in March 2001, accounted for many changes in the economic and political situation in Albania since 1998, as well as for changes in our operating circumstances. We reduced the number of Strategic Objectives from nine to six and the number of indicators from 107 to about 50. This will provide a more logical structure for our programs, allowing us to link related activities and realize program synergies. We can now better concentrate our efforts in strategic areas in which we have comparative advantage. It will also facilitate our future reporting. I hope that our next R4 will be a document of considerably less girth. To follow up the Strategic Plan revision we will be completing a new Performance Monitoring Plan, which we expect to submit by the end of this calendar year.

The operating environment for USAID has improved markedly since the last R4. Still we remain seriously hampered by the requirement that we collocate on the Embassy compound. Through innovative actions, we have increased our staffing complement by one local hire. We will have two more program staff and two drivers on board before the end of FY 2001. That will bring us to a total of 20. Plans for renovating an annex on the compound are complete, and we hope to have additional space before the end of FY 2002, but we will still be short of what is really needed. We are making whatever program management adjustments we can to ensure that this does not create serious vulnerabilities.

On the positive side, some of our security related constraints have been relaxed. We can travel more freely around the country and can better manage and monitor our programs. Adult dependents and personal vehicles are now allowed at post. Danger pay was eliminated in mid-2000, although post differential was increased to 25% as partial compensation. Albania remains a one-year tour, however, which has obvious cost and management implications. Fortunately, most USAID staff have elected to extend their tours. In this matter, we follow the State Department. We are hopeful that by the 2002 bidding cycle, Albania will return to two-year tours.

Albania is slowly but surely making the transition from communism to a market economy and participatory democracy. It has many of the characteristics of a developing country. Its transition is impeded by a lack of institutional capacity, a weak civil society, and pervasive corruption. USAID staff are committed to confronting these challenges as we have in the past.

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LIST OF ACRONYMS

AAATA	Assistance to Albanian Agricultural Trade Associations
AAEF	Albanian American Enterprise Fund
ABA/CEELI	American Bar Association/Central & East European Law Initiative
ACDI/VOCA	Agricultural Cooperative Development International/Volunteers in Overseas Coop. Assistance
ACER	Albanian Center for Economic Research
AFADA	Albania Fertilizer and Agribusiness Dealers Association
APFDP	Albania Private Forestry Development Project
BBC	British Broadcast Corporation
BoA	Bank of Albania
CDIE	Center for Development Information and Evaluation
CEC	Central Elections' Commission
CEE	Central Eastern Europe
CFA	Civic Forum Albania
CoE	Council of Europe
DAI	Development Alternatives International
DOJ	Department of Justice
EBRD	European Bank of Reconstruction and Development
E&E	Europe & Eurasia
FTS	Fultz Technical School
FP	Family Planning
EU	European Union
EU PHARE	EU, Poland and Hungary Aid for Reconstruction of the Economy
FEFAD	Fund for Enterprise Finance and Development
FSVC	Financial Services Volunteer Corps
FY	Fiscal Year
GOA	Government of Albania
GDP	Gross Domestic Product
GTZ	Agency for German Technical Cooperation
HCI	High Council of Justice
ICITAP	International Criminal Investigative Training Assistance Program
IFC	International Finance Corporation
IFDC	International Fertilizer Development Center
IFES	International Foundation for Election System
IMF	International Monetary Fund
IPM/ CSRP	Integrated Pest Management/ Collaborative Support Research Project
IRI	International Republican Institute
IREX	International Foundation for Election Systems
IRIS	Institutional Reform & Informal Sector
ICITAP	International Criminal Investigative Training Asst. Program
IDLA	International Development Law Institute
IFDC	International Fertilizer Development Center
IMF	International Monetary Fund
IMR	Infant Mortality Rate
INSTAT	Institute of Statistics
IOM	International Office of Migration
IR	Intermediate Result
IRI	International Republican Institute
IRIS	Institutional Reform and the Informal Sector
LTC	Land Tenure Center
LOL	Land O' Lakes
MBA	Masters in Business Administration
MISP	Municipal Infrastructure Support Program
MMR	Maternal Mortality Rate

MOH	Ministry of Health
MPP	Mission Performance Plan
NJC	National Judiciary Conference
NDI	National Democratic Institute
NGO	Non-Governmental Organization
NRM	Natural Resources Management
NTFP	Non-Timber Forest Products
OI	Opportunity International
OPDAT	Office of Overseas Prosecutorial Development Assistance. and Training
ORT	ORT International, Inc.
OSCE	Organization for Security and Cooperation in Europe
PAP/A	Public Administration Project/Albania
SDC	Society for Democratic Culture
SDP	Service Delivery Point
SEED	Support for East European Democracy
SO	Strategic Objective
TA	Technical Assistance
TOT	Training of Trainers
UI	Urban Institute
UNDP	United Nations Development Program
UNFPA	United Nations Family Planning Agency
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organization

PART I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

Albania is Europe's poorest country. It has a population of about 3.4 million and a small but growing economy that is simultaneously making the transition to a free market while recovering from civil insurrection in 1997. The Government of Albania has reversed the negative economic trends that originated from the crisis of 1997-1998, and the country has enjoyed significant growth and macroeconomic stability. The economy remains largely agricultural, with agriculture accounting for 53 percent of the GDP, and industry and services contributing 25 and 22 percent, respectively. Albania is still completing the transition from a centralized planned economy to a free market democracy. The Government has privatized nearly all of its small and medium-sized enterprises and plans to sell significant strategic assets over the next three years.

Despite some recent improvements, the Albanian government continues to have difficulty in establishing a consistent rule of law. Albania's poorly developed public institutions, weak civil society, and fragile economy constitute serious impediments to its transformation. In 1998, there was an abortive coup attempt. In early 1999, when the economy and the Government had stabilized, 465,000 Kosovar refugees sought shelter in Albania during the NATO military action, straining the infrastructure and social institutions. During 2000, political conditions stabilized and the economy was on the upswing. The public health system remains the least developed in Central and Eastern Europe. It suffers from poor planning and weak management capacity. In many respects, the country has now moved beyond short-term transition issues to addressing issues more focused on medium and long-term development.

Summary of Progress: Performance toward meeting USAID Strategic Objectives in FY 2000 continued to show positive outcomes. Despite restrictions on USAID's operations, its programs continue to play an important role in major sectors of Albanian society. USAID funded contractors and grantees, supported by USAID policy dialogue, have accomplished the following:

- The GOA conducted local elections in the latter part of 2000 that were deemed “mostly free and fair” by European monitors;
- Entrepreneurs who would not qualify for traditional bank loans received over \$2.5 million through a micro-credit loan program;
- The Land Tenure Center (LTC) by the end of December 2000 supported 1,630 villages Cadastral Zones (CZ) containing 1,506,984 properties. They were completed and turned over to the District Registrars, leaving 1,294 village CZ with approximately 1,725,242 properties remaining to be completed in later years;
- Parliament passed the Collateral Law, and USAID contractors designed a centralized collateral registry to implement it, which will expand credit for private sector;
- The National Judicial Conference was convened, as mandated by the Constitution and a National Day of Justice was held to generate public support for the rule of law;
- 1,400 providers of reproductive-health services received family planning training, and 331 service delivery sites were improved; and

Changed Conditions: USAID/Tirana conducted assistance sector reviews in mid-FY2000 resulting in the development of a new strategic plan—incorporating many elements of the old plan yet refocusing and consolidating the Mission's economic as well as human resources. Given all

the events that transpired during 1997-1999, the Strategic Plan (1998-2002) no longer accurately reflected the country's conditions, political situation, and regional issues. The new Strategic Plan (2001-2004) shifts the focus from providing assistance to a society in transition to one of a more balanced approach emphasizing a mix of development as well as transition activities. The earlier Strategic Plan included nine Strategic Objectives and 107 performance indicators. The revised Strategic Plan (as approved in Washington in March 2001) has six Strategic Objectives and 49 performance indicators. The revision better reflects the priorities of the Government of Albania as it struggles to strengthen its democracy, enhance rule of law, continue economic growth, improve health care delivery, and become an integrated partner in the development and stability of the Balkan region.

U.S. National Interests: This revised strategy reflects the Mission's desire to better balance resources, newly defined areas of opportunity (maximizing comparative advantage), US political interests, and a better understanding of Albania's development needs and transitional capacity. The revision is designed to enhance the impact of the "Support for East European Democracy" (SEED) Act. The overall goal of USAID is the promotion of a stable democracy and free market economy, led by a vibrant private sector. The revised Plan links with the *United States Strategic Plan for International Affairs* (September 1997) and the E&E Bureau's goals that address these interests. The US assistance program in Albania addresses four of these national interests: (1) *economic prosperity* pursued through the goal of "growth in the number of self-sustaining private enterprises"; (2) *democracy* through "citizen participation in economic and political decision-making increased", and support of "legal systems that better support democratic processes and market reform"; (3) *humanitarian response* by "improved selected primary health care services in targeted sites", and supporting several cross-cutting activities that address specific humanitarian issues (hunger, nutrition, training and emergency assistance); and, (4) *national security* by supporting country-specific and regional activities that help ensure that local and regional instabilities do not threaten the security and well-being of the US or its allies.

Country Factors: During 2000, Albania posted encouraging economic gains; the inflation rate has continued to decline -- from 10% in 1998 to about 4% for the last half of 1999 to almost zero in 2000. Official statistics showed a gross domestic product (GDP) increase of approximately 8%. Official unemployment increased only one percent, from 17% to 18% although unofficial estimates are almost double these figures. The dependence on agriculture creates wide swings in unemployment rates. On the down side, a considerable amount of income from criminal and unlicensed, non-criminal activities goes unreported and untaxed. In addition, Albania's economy in 2000 continued to rely heavily on remittances from workers abroad (estimated at \$1 million a day), foreign assistance from donors, and a mostly subsistence level output from the agricultural sector, which generates 53% of official GDP and employs about 60% of the workforce. Following its mission to Albania in late 1999, an IMF delegation reported that the budget deficit is under control, and that the government has made "notable progress" on its privatization program. While much more needs to be done to improve tax administration, reform the economy, and fight fraud and corruption, the IMF released an initial tranche of \$13 million to assist Albania in these endeavors.

Albania lags behind most other Eastern European countries in the pace of economic reform. USAID-funded technical support helped Albania's fairly successful implementation of such first-

round economic policy reforms as macro-economic stabilization measures, small-scale privatization, promulgation of land market laws and regulations, and bankruptcy and collateral law development. A major obstacle to Albania's achievement of sustained economic growth is the perceived and real pervasiveness of crime and corruption, and lack of internal security. Both have retarded the growth of foreign investment in the economy. Albania is presently unable to deal with these problems and requires continued U. S. assistance to establish and effectively administer laws, regulations and institutions that improve corporate governance and establish a disciplined financial system that attracts and mobilizes outside capital for private-sector growth.

Plans and Prospects for Further Progress: Efforts to create the conditions for sustainable economic growth now dominate USAID/Albania's portfolio. USAID's assistance will continue to focus on the private sector, particularly agriculture. Support to farmer associations will focus more attention on women-owned and operated enterprises; expanding assistance to private associations; and developing micro-credit programs that respond to private-sector needs. Support to land titling will continue, focusing on the creation of a land market. Community-based, private-sector development activities will be linked to grassroots civil society strengthening efforts. USAID will assist with the restructuring and privatization of the Savings Bank, the last remaining state-owned bank, and continue its support of bank supervision activities and other financial sector developments. Efforts will continue to improve the commercial regulatory and legal framework, supporting World Trade Organization post-accession issues and customs reform.

The Mission continues its support for the emergence of sustainable local government; encouragement of the central government's decentralization efforts and the development of a viable civil society for the people of Albania. Moreover, helping the GOA to solidify the rule of law – including efforts to fight corruption - continues to be major thrust of USAID's democracy and governance programs. USAID will continue to promote participatory and representative government respect for diversity of beliefs, and human rights and the effective administration of justice. Ongoing assistance to media, local government and NGO sectors support citizen awareness and participation in the democratic process. USAID will continue efforts to improve access to and the quality of primary health care services through training, public awareness, and increasing service delivery points in the country. USAID will also provide financial management advisory services to support a hospital payment system and to help expand access to women's health centers and the creation of a robust national nurses association. Lastly, the Mission will continue to improve the mainstreaming of gender in all of its programs.

PART II. RESULTS REVIEW BY STRATEGIC OBJECTIVE

OPERATING UNIT: ALBANIA

STRATEGIC OBJECTIVE : 182-0130, Accelerated Development and Growth of Private Enterprise

Mission Self-Assessment: Meeting expectations

Summary:

This SO links to Agency's Objectives 1.1, Critical, private markets expanded and strengthened (35%); 1.2, More rapid and enhanced agricultural development and food security encouraged (35%), and 1.3, access to economic opportunity for the rural and urban poor expanded and made more equitable (30%). It also links with E&E's SAA#1, Economic Restructuring and Growth, and the MPP goal to Promote Economic Growth through Broad-Based Growth and Free Market Institutions. Starting from an economy with no private businesses in 1991, Albania's economy is increasingly dominated by the private sector, although the informal sector still comprises an estimated 40 to 50 percent of GDP. The GOA nearly completed privatization of its small and medium-sized enterprises. The private sector grew phenomenally over the last nine years. However, 52,000 out of 63,000 businesses are sole proprietorships and many are services. Agriculture, largely seasonal, currently accounts for over 50 percent of GDP and 60 percent of employment. Some privately owned light manufacturing is emerging, and private sector construction increased significantly. While the official unemployment figure is 18 percent, the unofficial estimate is 35 percent.

This SO is designed to assist private enterprise to achieve sustainability through technical assistance, training and technology. To remedy the shortage of business skills, USAID provides business services and training to existing and potential rural and urban entrepreneurs. Efforts to improve the legal and regulatory environment for investment and growth and to register land and immovable property are helping build an enabling environment for business. Facilitation of non-bank lending opportunities is the third element of USAID's assistance to private enterprise development. The goal is to help these entrepreneurs "graduate" to become borrowers in the private banking system. USAID is helping Albanians build agribusiness associations for producers and processors that provide agricultural extension courses, advocacy, information sharing and network building, and increase access to credit through loan guarantees and credit unions.

Key Results:

The following three key results have historically been used to measure the progress of this SO. These indicators are still valid; however, our sources for the indicators release the figures each April, posing difficulties with entering current data in this R4. This will be the last year of reporting these indicators.

(1) *Number of registered private sector enterprises.* This measure indicates the total number of private sector enterprises that are active. This figure, 63,000, reflects an increase of over 10 percent from FY1999.

(2) *Quantity of foreign investment.* This measure is important not only because the level of foreign investment is critical to future development, but also as a measure of whether the regulatory and legal framework and other conditions encourage foreign investors.

(3) *Business Support Services Improved.* This measure, provided by several USAID contractors, indicates the reach of the USAID program in encouraging the development of efficient private enterprise. While USAID has still not been able to reach an equal number of male and female clients, the number of active business clients (2,144 male and 587 female) reflects significant progress in reaching gender parity, impressive for Albanian society. It also reflects a large increase over FY1999 (60% and 49%, respectively)

As specified in last year's R4, we are now reporting the following key indicators of performance, which are related to our programs, directly linked with this SO and readily available. These are not new indicators. They were previously reported indicators from the Strategic Plan Annex:

(1) *Number of Entrepreneurs Applying (Identified) Improved Technologies.* This measure indicates the general acceptance rate of the training and outreach components of our agribusiness activities. In FY2000 13,500 men and 8,000 women entrepreneurs applied improved technologies gained through USAID assistance.

(2) *Total Nonbank Finance Initiated or Outstanding in the Year.* This measure provides a general overview of the lending climate. The \$2.78 million total of nonbank finance outstanding in FY2000 represents a 38 percent increase over FY 1999's \$2.02.

(3) *The Proportion of Non-Bank Finance Considered Delinquent.* This measure indicates the repayment rate, and is a good proxy indicator for the general attitudes of borrowing clientele. Delinquency of USAID's non-bank loans is currently 2 percent.

(4) *Number of Dues-paying Members in Agriculture Trade Associations.* This indicates the general health of the agribusiness sector, and is a proxy for the transition from subsistence to commercially productive farms and businesses. Dues paying members in USAID-assisted agribusiness and trade associations now total 26,660 men and 369 women.

Performance and Prospects:

The large SO 1.3 portfolio has performed well in developing skills, the legal and regulatory environment, access to credit, and agribusiness associations.

Business skills. Substantial support for agriculture goes to private enterprises by working directly with farmers and processors, and through associations that provide direct technical assistance, credit, training, and advocacy help.

- The Livestock Service Centers project began this year as a follow-on to Land O'Lakes' (LOL) successful Dairy Improvement Campaign, which targeted women because they are the

primary caretakers for livestock. The new project establishes livestock service centers, improves financial services for rural areas, and improves input supply services and technologies. Business services include extension training to livestock producers, veterinary training, and TA on dairy collection and processing. Increased herd management and improved feed resulted in a 41 percent increase in milk collection, and a 19 percent price increase, as processors learned that customers will pay more for a high quality product.

- The International Fertilizer Development Center (IFDC) started with a discrete project 9 years ago. With the creation of the Assistance to Albanian Agricultural Trade Associations (AAATA), it has expanded into many areas in response to needs. In FY 2000 a new Private Sector Extension Services project was started to transfer agricultural technology via associations to processors and producers. Extension services function via trade associations, TTC, direct producer training, seminars and on-farm research. Also in FY 2000 a major competitiveness analysis of Albanian vegetables recommended future focus on greenhouse vegetables and intensive field vegetable production. Next year with guidance from IFDC, economists will undertake similar analyses in olive oil and poultry production.
- World Learning/TRANSIT study tours for entrepreneurs were imaginative and productive and ranged from dairy processing in Bulgaria, furniture production and organic farming in America, to development of savings and credit unions in Hungary.
- The University of Tirana's MBA program supported by the University of Nebraska at Lincoln (UNL) has experienced huge demand. Beginning in 1997, it is now in its fifth class, two ahead of schedule. The Prime Minister's wife is a current student. Graduates obtained prominent positions in Albanian government and with private foreign companies in Albania. A Masters in Public Administration is being proposed, building on the University of Nebraska's accomplishment to date. UNL is also restructuring undergraduate curriculum, and provides the University's only readily available computer lab. UNL is creating a network of Business Assistance Centers that focus research and information networking on technology transfer, business skills assistance and market information.
- The Fultz Technical School (FTS), a high quality technical high school offers competency-based training, for high-school-age students. It emphasizes technical areas such as business, electronics, mechanics, and computer maintenance. This year the program of the Business Development Center (BDC) continued, offering training courses in collaboration with the East West Management Institute as part of USAID's Judicial Reform Program. A Community College will launch in January 2001. To make FTS a bilingual institution, English language is offered to all staff through this academic year. The American Chamber of Commerce (AmCham), opening an office on FTS premises, offers internships to students and will co-host a Summer Job Fair for high school and university students.

Legal and regulatory environment. USAID work with the legal and regulatory environment for private business improves conditions for domestic and foreign investment. In September 2000, Albania was accepted into the WTO. The US Department of Commerce continues its work with the Permanent Secretariat on WTO implementation matters. Other successes:

- The USAID-funded Barents Customs Project is fully integrated into the European Commission's Customs Advisory Mission. USAID assisted in customs personnel incentive policy development. Transparency increased and corruption was reduced through an incentive plan where customs officers can earn up to three times their base salary by excellent and honest work. In the last year, rates and duty decreased by 2.5 percent while overall revenue increased.
- The East-West Management Institute commercial law program focuses on institution building for the judiciary branch and specific judicial training activities, conducted in collaboration with the International Development Law Institute (IDLI) in Rome. In FY 2000, 70 judges from all district courts were trained in new commercial law subject areas. A public information center was created to explain procedures and filing fees for registering commercial companies, associations and foundations to all Albanian citizens. This will be further expanded, and the project will target judges in smaller rural jurisdictions not previously trained. 20 judges a year receive support for judicial training through a highly competitive program with the School of Magistrates.
- The University of Wisconsin's Land Tenure Center (LTC) established a parcel-based registration system. With a functioning office in each district of Albania, this system is, in some respects, the most advanced in all of Europe. Over 2.14 million properties have been registered in the system, and 1.57 cadastral zones have been completed out of a total of 3.062 million. Future efforts will focus on helping the property market function more efficiently. Registration costs were kept down to \$8-\$10 per property, compared to an average cost of \$40. The LTC sponsored an international workshop on public/private sector relations for land registrations. Over 60 Albanians and 43 foreign delegates from 23 European countries attended.

Access to credit.

- Opportunity International (OI) successfully lends to poor and unbankable entrepreneurs in a very unstable business and credit environment. They make more than 200 loans a month to people who do not qualify for bank credit and they maintain a 97% repayment rate. In FY 2000, OI made 1,639 loans totaling \$1,725,000, one-fifth of which went to women entrepreneurs. OI unleashed the power of capital through developing non-traditional forms of collateral that clients can use to secure credit. They provided intensive training to their managers, through courses and on-the-job training; and provided managers with MBA opportunities. OI pays the tuition of any of their managers accepted into the University of Nebraska's MBA program. In FY 2000 they successfully lent to the Roma community, breaking substantial barriers of prejudice for this disenfranchised group. Other lending institutions noticed their success and began lending to Roma.
- The Albanian American Enterprise Fund has disbursed \$21.9 million in 38 projects since becoming active in Albania in 1995. It is looking at exit opportunities for several investments. The single largest investment, the American Bank of Albania, is growing quickly and is now profitable.

- Agricultural credit is facilitated by IFDC and LOL. With IFDC support, the AAATA created the largest credit union in Albania for its input dealer association, AFADA. It served as a model for LOL's dairy activity. In FY 2000 LOL registered four new credit unions, which will begin lending next fiscal year. In FY 2000, assistance facilitated credits and loans in the agriculture sector of \$860,000 in the form of trade credits and loans from credit unions; an additional \$1,345,000 was lent through trade associations at commercial terms.

Rural Land Ownership and Agricultural Associations

- USAID supports agricultural small and medium enterprises (SMEs) through association building. AAATA's influential Albanian Agribusiness Council (KASH) legally registered in 2000 by 16 agricultural trade associations as a single voice for advocacy. With regional councils, KASH lobbies for government agricultural policies. In May 2000 it achieved nine separate policy changes and was accepted as a permanent member of the Advisory Council of the Ministry of Economic Cooperation and Trade.

Possible Adjustment to Programs:

The revised USAID Strategy for Albania, approved in March 2001, combines all activities from SO 1.3, 1.4, and 1.6, under one Strategic Objective, 1.3: Growth in Number of Self-Sustaining Private Enterprises. This will integrate private sector enterprise and banking development activities, with the aim of deepening private enterprise production, investment, employment and sales. The commercial law reform component will be managed under SO 2.2.

Other Donor Programs:

The EU supports agricultural export and land market development. The World Bank and GTZ support development of rural production collection points and producer cooperatives. The GTZ financed the Fund for Enterprise Finance and Development (FEFAD), a project-turned-bank that is serving medium-sized entrepreneurs. The World Bank funded the BESA program, which finances small entrepreneurs needing loans in the \$2,000 to \$10,000 range. An Italian NGO called GVC, the International Catholic Migration Committee, and AMURT, an international relief organization, provide microcredit. The Irish League of Credit Unions and the Albanian Development Fund provide access to credit. EU PHARE has provided half the financing for the property registration project. The EU and the World Bank are supporting customs reform and USAID is fully integrated into the EU Customs Advisory Mission's work. The Japanese Government provides grants through agricultural associations. The Eastern European Partnership and UNDP offer business training in dairy development.

Major Contractors and Grantees:

The Albanian American Enterprise Fund, the Barents Group/KPMG, the Harry T. Fultz Albanian-American Foundation, the East-West Management Institute, International Fertilizer Development Center, Land O'Lakes, Opportunity International, the University of Nebraska's MBA program, University of Wisconsin Land Tenure Center, the U.S. Department of Commerce, and World Learning International.

Performance Data Tables

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises			
APPROVED: MAY 1996			
COUNTRY/ORGANIZATION: USAID/Albania			
INDICATOR:			
Number of private sector enterprises. (SO level indicator)			
UNIT OF MEASURE: Cumulative number (000) SOURCE: INSTAT INDICATOR DESCRIPTION: Number of legally registered enterprises.less inactive enterprises. COMMENTS: END OF INDICATOR	YEAR	PLANNE D	ACTUAL
	1991	26	
	1996	62	56
	1997	68	62
	1998	75	56
	1999	82	57
	2000	90	63

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises			
APPROVED: MAY 1996			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.3.1			
Commercial business regime improved			
INDICATOR:			
Quantity of foreign investment			
UNIT OF MEASURE: Dollars (millions) SOURCE: INSTAT, IMF, BOA INDICATOR DESCRIPTION: Total investment in Albania from foreign sources in past year. COMMENTS: *Actual results corrected based on official statistics. END OF INDICATOR	YEAR	PLANNED	ACTUAL
	1991		10
	1996	80	90.1*
	1997	90	47.5*
	1998	100	45*
	1999	110	Awaiting Data
	2000	120	

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises			
APPROVED: MAY 1996			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.3. 2			
Business support services improved			
INDICATOR:			
Number of clients receiving business services.			
UNIT OF MEASURE: Active business clients a) Male b) Female <hr/> SOURCE: Contractors: IFDC, LOL, OI, and ACDI/VOCA <hr/> INDICATOR DESCRIPTION: Clients are of USAID-supported activities, by gender. <hr/> COMMENTS: Data by gender were not collected in 1996. Actual results in 1999 most likely due to difficult conditions for carrying out such activities during part of the year. END OF INDICATOR	YEAR	PLANNED	ACTUAL
	1991 (B)	0	
	1996	600 (a+b)	518 (a+b)
	1997	700 (a+b)	1255 (a) 1401 (b)
	1998	1911 (a) 2156 (b)	1893 (a) 1286 (b)
	1999	2177 (a) 2378 (b)	1344 (a) 393 (b)
	2000	2236 (a) 2396 (b)	2,144 (a) 587 (b)

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises			
APPROVED: May 1996			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: IR 1.3.2.2			
INDICATOR: Number of entrepreneurs using identified improved technologies			
UNIT OF MEASURE: Cumulative number (000) a) Male b) Female c) Total SOURCE: IFDC, LOL, ACDI/VOCA INDICATOR DESCRIPTION: Improved technologies identified by USAID and contractors. COMMENTS:	YEAR	PLANNED	ACTUAL
	1991	0	
	1996	3.5	3.24
	1997	4.0	a) 0.55 b) 3.9
	1998	a) 1.05 b) 4.7	a) .8 b) .64
	1999	a) 1.4 b) 7.0	a) 3.0 b) 7.5
	2000	a) 7.5 b) 8.0	a)13.5 b)8.0
	2001	a)12.0 b)8.0	

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises			
APPROVED: May 1996			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.3.2.3			
INDICATOR:			
Total non-bank finance initiated or outstanding in that year, by gender.			
UNIT OF MEASURE: Dollars (thousands) a) Male b) Female c) Mixed SOURCE: IFDC, LOL, OI INDICATOR DESCRIPTION: Quantity of finance provided. COMMENTS:	YEAR	PLANNED	ACTUAL
	1996	c) 2	2
	1997	Data not available	a) 5 b) 0.26 c) 8.6
	1998	a) 12 b) 8 c) 16	a) 13.7 b) 0.4 c) 17.9
	1999	c) 18	a) 76 b) 144 c) 1,800
	2000	c) 22.65	a) 2,369 b) 410
	2001	c) 24.60	

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises APPROVED: May 1996 COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.3.2.3			
INDICATOR: Proportion of non-bank finance considered delinquent, by gender of borrower.			
UNIT OF MEASURE: Percent b) Male c) Female d) Target average SOURCE: Contractors: IFDC, LOL, OI INDICATOR DESCRIPTION: Repayment rate, by gender. COMMENTS:	YEAR	PLANNED	ACTUAL
	1996	0	0
	1997	10	0
	1998	10	0
	1999	10	0
	2000	10	a) 2% b) 2% c) 2%
	2001	10	

STRATEGIC OBJECTIVE: 1.3 Sustainable development and growth of private enterprises			
APPROVED:			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.3.3			
INDICATOR: Agricultural trade association membership, by gender			
UNIT OF MEASURE: Cumulative Number a) male b) female c) mixed	YEAR	PLANNED	ACTUAL
	1997	a) 49 b) 0 c) 137	a) 49 b) 0 c) 137
	1998	a) 140 b) 130 c) 405	a) 382 b) 152 c) 82
	1999	a) 550 b) 310 c) 95	b) 518 c) 25,853
	2000	a) 639 b) 4 c) 97	a) 660 b) 319 c) 0
SOURCE: Contractors: ACDI/VOCA, IFDC, LOL INDICATOR DESCRIPTION: Total dues paying members in agricultural trade associations COMMENTS:	2001	TBD	

OPERATING UNIT: ALBANIA

STRATEGIC OBJECTIVE: 182-0140, A More Competitive and Market-Responsive Private Financial Sector

Mission Self-Assessment: Meeting expectations

Summary:

Activities under this SO link with the Agency Objective 1.1, *Critical, private markets expanded and strengthened*, the E&E Bureau's SAA#1, Economic Restructuring and Growth, and the MPP goal of Promoting Economic Growth through Broad-Based Growth and Free Market Institutions.

Bank lending continues to be constrained, despite the lifting of credit limits and the abolition of minimum rates on some deposits. Credit risks and lack of transparency of businesses make the private banks cautious about lending. Even if the banks were willing to lend, businesses are unaccustomed to using banks for credit. While private banks increasingly lend to the private sector, they still lend only about 40 percent of their deposit base. The significant increase in deposits (circa 38%) indicates greater confidence in the banking system, important in light of the pyramid scheme debacle in 1997. Remittances of over \$1 million a day flow through Italian, Greek and Turkish banks.

There are positive developments. The National Commercial Bank was successfully privatized last year. This brings the total of private banks to 12 and leaves only one state-owned bank. The Savings Bank, with 69 percent of total deposits, was prohibited from lending because of its bad debt portfolio. Following recapitalization, it is now solvent and is well on its way to privatization. USAID's non-bank finance programs, IFDC, Land O'Lakes, and Opportunity International, create credit opportunities for small entrepreneurs who are ineligible to borrow through banks.

Although the private sector has developed considerably since 1991, Albanian capital markets remain nascent. Capital market activities are not appropriate for Albania at the present time; however, the Mission will reassess the situation in approximately 18 months.

Key Results:

The challenge facing Albania is to develop – largely from scratch – the fundamental institutions and elements of a well-functioning financial sector. Four key indicators below address many of the critical elements required for a reasonably well functioning financial sector, in ways that will augment institutional capacity. In FY 2000, USAID met or greatly exceeded all four of these:

(1) *Percent of credit funds extended to private enterprises.* This is an important indicator to reveal whether the financial markets are serving the private sector. In the last year, this figure jumped from 52 percent to 85 percent (considering only loans, not securities), indicated a marked shift toward lending to the private sector.

(2) *Insolvent non-bank financial schemes liquidated.* The collapse of the pyramid schemes in 1997 touched off civil unrest in 1997 throughout Albania. The target goal of assisting an international effort to reimburse losses resulting from those schemes was achieved in FY 2000, and this activity ended.

(3) *Deposits held by private banks.* This is an excellent measure to determine confidence by the public in newly formed private banks. Yearly increases would indicate increasing confidence and growth in disposable income. In the next several years, deposits in private banks will also reflect the effects of privatizing the remaining state bank. The increase, 36 percent over FY '99, is almost double the target figure. This is partly a result of the National Commercial Bank restructuring and privatization.

(4) *Loans made by private banks.* This measure indicates whether the private banks are active in supporting economic growth in the country. This figure, at 27.7 billion leks, was over three times the target of 9 billion leks, and almost four times as much as in FY 1999.

Performance and Prospects:

The Bank of Albania (BoA) is becoming a modern, market-oriented central bank. USAID supports this effort through its Barents Banking Supervision activity and Financial Service Volunteer Corps (FSVC). Both continue to assist the BoA supervision department to regulate and monitor the banking system, enforce banking laws and regulations, and strengthen the bank licensing and liquidation policies.

The final state-owned bank, the Savings Bank, is well on the way to privatization. The U.S. Treasury advisor to the Minister of Finance plays a significant role with the Minister of Finance in this process. The Government expects to announce the tender by the end of June 2001 and select a buyer by year-end 2001.

The Government of Albania (GOA) passed a Collateral Law in October 2000. A centralized collateral registry, located with the Ministry of Finance, was put in operation in early 2001 to reduce risk to creditors. Lenders will request searches through the registry prior to making a loan. USAID's IRIS activity drafted the collateral law designed the registry, and is managing its operations. The IRIS advisor assists GTZ on closely related bankruptcy law.

Specific results under this SO aim at institutional capacity building and sustainability of banking sector reforms. Some noteworthy results for FY 2000 follow:

- USAID activities provided significant *training* to the BoA and the banking community in ethics and professional conduct, the CAMELS rating system, management of bank examinations, fundamental macroeconomic forecasting and analysis techniques, and to Central Bank staff in on- and off-site supervisions. Bankers, lawyers and judges attended outreach seminars on collateral law. USAID's bank supervision activity is helping the BoA perform a self-assessment on 25 Basic Committee Core Principles of banking supervision. Off-site reviews and written analyses of each licensed bank are now conducted quarterly and presented in standardized format to senior BoA management.

- USAID's *participant training* (TRANSIT) program (under SO 4.2) enabled key personnel to participate in seminars, enlarge their networks, and share information with colleagues in the Czech Republic and Bulgaria, with small credit unions in Hungary; and at a secured financing conference in the US and Canada. USAID funding enabled the Albanian Securities Commission to work with the Italian Securities Commission (CONSOB) in Rome and Milan; and the head of the Legal Department of the Albanian Securities Commission to attend the annual US SEC Conference on Market Enforcement in Washington DC.
- USAID's senior-level advisors' *policy recommendations* are largely followed. The Banking Supervision activity continues drafting policies and procedures for the BoA's Examination Procedures Manual. They provided guidelines on Liquidity and Internal Control, based on Basel Committee Standards. At the request of the World Bank, the BoA is developing prudential rules and standards for the micro finance market's non-bank financial institutions with USAID guidance.
- Through FSVC, USAID provided the BoA's Department of *Information Technology* (IT) with a senior IT specialist from the Bank of America to examine its current operations and management practices and make recommendations for improvements. Some key recommendations designed to make the BoA more customer focused resulted in doubling of personnel for the department and creation of a help desk function. Another advisor conducted an external review of GoA's newly developed User Requirements for an automated accounting system in preparation for an international competitive bid. The World Bank agreed to finance procurement of the new system. In support of an IMF pilot project to improve data collection in Albania, FSVC provides ongoing assistance to help the BoA design a PC-based, inter-bank data communications network (IDCN) that allows banks to transmit data to the central bank electronically, in real-time. The IDCN will begin testing next year and should be fully operational by the third quarter of 2001.

Possible Adjustment to Plans:

Non-strategic privatization has been essentially completed. The new focus of financial sector activities is directing improvements to the sustainable growth of private enterprise. Ongoing activities will improve internal operations in private banks and increase lending to private enterprises. Continuing activities will include US Treasury privatization efforts, implementation of the collateral law registry, continued and improved bank supervision advising the BoA Governor, and assisting the IDCN. Under USAID's revised strategic plan, SO 1.4 will be terminated, and these activities will be subsumed into a reformulated SO 1.3. This integration will heighten the focus on the crucial result of assisting private enterprise in attaining commercially viable credit.

Other Donor Programs:

The IMF has the lead on fiscal and macroeconomic reform. IMF advises the central bank governor on monetary policy. The World Bank coordinates donor financial sector assistance. The World Bank is hiring a Chief Operating Officer to oversee the restructuring and privatization of the Savings Bank. The World Bank also is financing the first year of operations of the collateral registry. The GTZ provided technical assistance to the National Commercial Bank,

and is providing training in bankruptcy procedures as well as expertise in drafting commercial laws.

Principal Contractors, Grantees, or Agencies:

KPMG/Barents Group runs the Central Bank Supervision, Regulation, and Licensing activity; the Chesapeake Foundation supports the indigenous Albanian think-tank, Albanian Center for Economic Research (ACER), which works on collateral law, risk management, and other banking issues; the Financial Services Volunteers Corps (FSVC) works with the Bank of Albania on the legal and regulatory framework, the IRIS Center at the University of Maryland with the collateral registry, U.S. Department of Treasury on bank privatization, and World Learning International provides participant training.

Performance Data Tables

STRATEGIC OBJECTIVE: 1.4 A more Competitive and Market – Responsive Private Financial Sector APPROVED: May 1996 COUNTRY/ORGANIZATION: USAID/Albania			
INDICATOR: Percent of credit funds extended used by private enterprises.			
UNIT OF MEASURE: Percent SOURCE: Bank of Albania's BSD's Call Reports INDICATOR DESCRIPTION: Proportion of credit funds used by private sector as of September of FY. COMMENTS: * Actual results corrected based on official statistics. Analysis incomplete for explanations for decrease in FY99. Suspect Pyramid Scheme reaction.	YEAR	PLANNED	ACTUAL
	1995 (B)		58
	1996	69	74*
	1997	75	85*
	1998	80	83*
	1999	85	52
	2000	60	84.8
	2001	65	

STRATEGIC OBJECTIVE: 1.4 A more Competitive and Market – Responsive Private Financial Sector			
APPROVED:			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.4.6			
Insolvent non-bank financial schemes liquidated.			
INDICATOR:			
Cumulative proportion of insolvent non-bank financial schemes liquidated.			
UNIT OF MEASURE: Percent	YEAR	PLANNED	ACTUAL
	1997 (B)	NA	0
	1998	80%	80%
	1999	90%	95%
	2000	100%	100%
	2001	NA	NA
SOURCE: World Bank			
INDICATOR DESCRIPTION: Five (5) companies in Deloitte & Touche report.			
COMMENTS: This indicator data corrected in 2/00 to match official records.			

STRATEGIC OBJECTIVE: 1.4 A more Competitive and Market – Responsive Private Financial Sector			
APPROVED: May 2000			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.4.6			
Level of deposits held by private banks at year end			
INDICATOR:			
Total private bank deposits (in lek)			
UNIT OF MEASURE: Millions of lek	YEAR	PLANNED	ACTUAL
	1998		13,776.0
	1999		50,000.0
	2000	35,000	68,700.0
	2001	45,000	
	2002		
SOURCE:			
Call reports, Bank Supervision Unit, Bank of Albania			
INDICATOR DESCRIPTION:			
The total value of deposits (lek)			
COMMENTS:			

STRATEGIC OBJECTIVE: 1.4 A more Competitive and Market – Responsive Private Financial Sector			
APPROVED: May 2000			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.4.6			
Level of loans made by private banks at year-end			
INDICATOR:			
Total private bank loans in leks			
UNIT OF MEASURE: Lek (millions)	YEAR	PLANNED	ACTUAL
	1998		4,663.8
	1999		7,619.8
	2000	9,000	27,700.0*
	2001	10,500	
	2002		
INDICATOR DESCRIPTION:			
Total value of loans (lek)			
COMMENTS: * Large increase in 2000 is because of privatization of National Commerce Bank.			

OPERATING UNIT: ALBANIA

STRATEGIC OBJECTIVE: 182-0160, Increased Environmental Management Capacity to Support Sustainable Economic Growth

Mission Self-Assessment: Meeting expectations

Summary:

This SO links with the Agency Objective 5.5, *Sustainable management of natural resources increased*, the E&E Bureau's SAA#1, Economic Restructuring and Growth, and the MPP goal of Broad-based Economic Growth.

Nearly two-thirds of all Albanians rely on agriculture, forest, and pastureland for their livelihood, but the country's natural resource base has undergone severe deterioration, limiting sustained economic growth. An estimated 76 percent of the total forest area has low productivity; what was once timberland is now reduced to shrubs and coppice, good only for fuel wood and fodder. Mismanagement and overgrazing of pastures have caused deterioration of this resource as well. Erosion is a serious problem in a number of areas. With the fall of the centralized system in 1990, all systems for collecting, analyzing, and managing data collapsed, making it impossible for the GOA and donors to effectively correct erosion, irrigation, and hydroelectric problems.

Given the magnitude of the environmental problem in Albania and its negative impact on sustained economic growth and development, USAID created this strategic objective in June 1998. The intermediate results include: IR 1.6.1 Increased local and private participation in natural resource management, IR 1.6.2 Increased use of environmentally friendly, sustainable natural resource technology, and IR 1.6.3, Increased public advocacy of sound environmental practices. The ultimate customers are Albanian farmers and consumers of agricultural and natural resource products. Interventions supporting this SO include: the Albania Private Forestry Development Project (APFDP), a comprehensive watershed assessment, and integrated pest management (research, policy recommendations, training, and training materials development).

Key Results:

(1) *Forest and pasture transfers to communities completed* (policies implemented): The number of contracts between the Directorate General of Forest and Pasture (DGFP) and communities, transferring state land to the local level, increased from 14 in 1999 to 28 in 2000; a total of 25,780 hectares was transferred to 20,000 families. Land management also improved. These figures reflect an enhanced policy environment for transfer of communal land and local participation in natural resource management as well as improved management of transferred land.

(2) *Increased use of sustainable natural resource technology* (number of villages with at least one replication of USAID introduced “packages” -- for tree planting/agroforestry, non-timber forest products (NTFP), pasture improvement, and livestock improvement-- without USAID funding). This measure increased substantially from 80 in 1999 to 103 in 2000, demonstrating increased use of environmentally sensitive, sustainable natural resource technology.

(3) *Increased local capacity to provide extension services* (sales of inputs): This measure of increased capacity of public organizations, NGOs, and private suppliers to provide extension services more than doubled between 1999 and 2000, moving from \$517,150 to \$1,321,400 in sales of seedlings, willow and wicker products, botanicals, and livestock.

Performance and Prospects:

The goal of APFDP was to increase Albanian rural household incomes. At the same time it aimed to alleviate and, ultimately, reverse forest environmental degradation by encouraging and supporting sustainable private sector forestry management on privately owned lands and on communal forests and pastures. Objectives included natural resource policy development, forest management and demonstration replication involving private and public sectors, and development of a public and private extension network. In addition to the key results, in calendar year 2000 APFDP:

- Developed an operational plan for the DGFP's Forest and Pasture Sector Strategy.
- Helped establish two new nursery enterprises and expand 16 willow and 10 botanical enterprises.
- Increased rural employment by 220 full-time and 1200 part-time jobs, respectively a 30 percent and 50 percent increase over 1999.
- Helped seven nurseries (out twelve assisted by the project) to obtain official registration and begin selling certified (disease free variety and standard) botanicals.
- Helped five NTFP enterprises (out of ten assisted by the project) to obtain official registration and begin selling certified (disease free variety and standard botanicals).

APFDP developed a gender integration program for APFDP events. In FY 2000 women represented 15.4 percent of the total number of participants in APFDP training and other events. The activity emphasized training DGFP and DFS employees in *komuna* forest transfer, a field where women represent only 10 percent of the workforce. To balance that bias APFDP concentrated other efforts in economic areas where women's presence is greater, such as the collection and processing of non-timber forest products (NTFP) and care of livestock. Women's participation in activities was 45 percent, and 27 percent, respectively. APFDP collaborated with the World Bank Albania Forestry Project, GTZ in botanicals trade and marketing, SNV on *komuna* forest transfer and botanicals development. It also collaborated with the following USAID activities: Land O' Lakes, Land Tenure Center, and IFDC.

USAID initiated the Albania Watershed Assessment late in 1999 to strengthen the capacity of Albania's state research institutes and universities to monitor and manage the natural resources that poor practices have continued to degrade since 1990. Objectives included: identifying

factors responsible for watershed degradation and developing and implementing a management plan to mitigate the problems. At the outset, the project team consulted with stakeholders and identified two major watershed areas covering 25 percent of Albania's land area. During the year 2000, representatives from universities, government ministries, institutes, and NGOs collaborated in data collection, analysis, and mapping of various features of the watershed area and digitized the 799 thematic maps and 124 topographic maps produced during the assessment. The project strengthened "state of the art" methodologies in watershed assessment and introduced a watershed management approach to environmental management. The project engaged a number of partners in this effort: Albanian Soil Research Institute, Hydro-meteorology Institute, Directorate of General of Forest and Pastures, National Water Council of Albania, Military Topographic Institute, Faculty of Geology and Mines, Faculty of Forests (Agricultural University of Tirana), Mining and Processing Technical Institute, GIS Albania, Albanian Forest Progress Association, Albanian Land Use Association, FAO, and the World Bank Albania Forestry Project. Gaining the collaboration of all these government and research entities was an important accomplishment as well. The findings of the assessment will be summarized in a report and mitigation strategy and presented in 2001. Future plans include two demonstration sites on mitigation of erosion/sedimentation problems, examination of laws needed to support such efforts, and capacity and awareness building.

Initiated early in FY 2000, the Integrated Pest Management Project focuses on olives a crop with high production losses due to pests. It will also change the pest control orientation of farmers from heavy use of pesticides to an IPM approach that optimizes crop production and minimizes damage to human health and environment. Planned interventions include: socio-economic and biological research on IPM, policy recommendations to encourage use of IPM and other sustainable technologies, training of Albanian scientists on IPM, and development of training materials for Albanian farmers in collaboration with local institutions. Attention to gender issues and institutionalization of IPM are high priorities. The focus of field research for FY 2000 was pests, diseases, nematodes, and weeds that affect olive production and quality. Field data will be used to develop models to forecast outbreaks, to establish acceptable levels of chemical pesticide use, and to develop an appropriate IPM system for olives in Albania.

Possible Adjustment to Plans:

The USAID Revised Strategic Plan for Albania, approved in March 2001, eliminated SO 1.6 (see Close Out Annex) because the Mission does not have the management resources to effectively address "environmental management capacity" on a broad scale. The APFDP activity ended in March 2001. USAID expects the World Bank's Forestry Development Project will continue important aspects of this activity, and some private sector support will be provided through other USAID activities. Integrated Pest Management will directly support SO 1.3, as a mechanism to extend new technologies to farming enterprises. The Watershed Assessment moved to SO 4.1, Special Initiatives.

Other Donor Programs:

The World Bank has two environment-related projects: a \$45 million project to restore irrigation facilities and hydrological monitoring systems and a \$30 million (\$20 million loan and \$10 million grant) highland forestry management program. SNV supports forest transfers to

communities in Peshkopje. GTZ provided support to the Forestry Faculty of the Agricultural University of Tirana and the Forestry Technology School in Shkoder.

Principal Contractors, Grantees or Agencies:

Chemonics International - APFDP activity, US Forest Service MATCON - Watershed Management Assessment, and Virginia Polytechnic Institute & Southern University Consortium's – Integrated Pest Management/CRSP

Performance Data Tables

STRATEGIC OBJECTIVE: : 1.6 Increased environmental management capacity to promote sustainable economic development			
APPROVED: 1998			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.6.1 Increased environmental capacity to promote sustainable economic growth			
INDICATOR: Villages within target areas with at least one case of local and private participation			
UNIT OF MEASURE: : Number of villages <hr/> SOURCE: Albania Private Forestry Development Project (APFDP) <hr/> INDICATOR DESCRIPTION: Base is 2800 villages. Local means communal or lower level formal/informal government. Private means for profit business and/or economic improvement. <hr/> COMMENTS: This measure reflects the number of villages with which the APFDP project was working in FY 2000.	YEAR	PLANNED	ACTUAL
	1995	baseline	0
	1996	12	13
	1997	15	32
	1998	40	77
	1999	95	100
	2000	100	106

STRATEGIC OBJECTIVE: : 1.6 Increased environmental management capacity to promote sustainable economic development APPROVED: 1998 COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.6.1.1 Enabling environment that supports increased local and private participation in improved natural resource management			
INDICATOR: Policies implemented			
UNIT OF MEASURE: Number of policies <hr/> SOURCE: Albania Private Forestry Development Project (APFDP) <hr/> INDICATOR DESCRIPTION: Signed contract between different levels of government and/or for profit entities. <hr/> COMMENTS: These are signed contract between communities and DGFP transferring state forest and pasture land to the local level. This indicator from the SO 1.6 Performance data table was not previously highlighted in the text.	YEAR	PLANNED	ACTUAL
	1995	baseline	0
	1996	0	0
	1997	6	5
	1998	12	10
	1999	15	14
	2000	17	28

STRATEGIC OBJECTIVE: : 1.6 Increased environmental management capacity to promote sustainable economic development			
APPROVED: 1998			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.6.2. Increased use of environmentally friendly, sustainable natural resources technology			
INDICATOR: Number of times demonstration plots replicated without USAID funding.			
UNIT OF MEASURE: Number of replications <hr/> SOURCE: Albania Private Forestry Development Project (APFDP) <hr/> INDICATOR DESCRIPTION: Technology packages pre-defined. Replications must be 80% congruent with pilot. Extension not counted as USAID funding. <hr/> COMMENTS:	YEAR	PLANNED	ACTUAL
	1995	baseline	0
	1996	0	0
	1997	3	3
	1998	6	81
	1999	60	80
	2000	85	103

STRATEGIC OBJECTIVE: : 1.6 Increased environmental management capacity to promote sustainable economic development APPROVED: 1998 COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 1.6.2.1 Increased capacity of public organizations, NGOs, and private suppliers to provide extension services			
INDICATOR: Sales of inputs			
UNIT OF MEASURE: Thousands of dollars SOURCE: Albania Private Forestry Development Project (APFDP) INDICATOR DESCRIPTION: COMMENTS: This indicator from the SO 1.6 Performance data table was not previously highlighted in the text.	YEAR	PLANNED	ACTUAL
	1995	Baseline	0
	1996	10	10
	1997	25	25
	1998	50	149
	1999	90	517
	2000	100	1321

OPERATING UNIT: ALBANIA

STRATEGIC OBJECTIVE: 182-0210, Increased, Better-informed Citizens' Participation in Political and Economic Decision-Making

Mission Self-Assessment: Meeting Expectations

Summary:

Activities under this SO link with the Agency's Democracy Framework objective 2.3, *The development of politically active civil society promoted*, E&E Bureau's SAA#2, Democratic Transition, and the MPP goal of Developing Democratic Political Institutions and Regional Stability. Albania's society today continues to reflect the country's need of considerable assistance to enable it to complete the transition from socialist state to an open and free democratic republic. USAID's efforts continue to focus on: 1) improving the electoral process, 2) promoting political party development, 3) enhancing parliamentary operations, 4) strengthening Albanian civil society organizations/NGOs, 5) supporting an independent media, and 6) providing democracy-oriented training.

USAID is playing a leading role within the donor community in supporting free and open elections. Its contractors have assisted in improving Parliamentary efficiency, voter registration, and expanding local participation. Successful local elections were held in October of 2000, which were considered relatively open, fair, and free of abuse. Preparations are now underway for achieving a similar outcome for the upcoming parliamentary elections in 2001. These efforts benefit a wide range of politically active men and women by strengthening the organization of NGOs, as well as the linkages among them, developing the skills of young party leaders, and encouraging the growth of independent broadcast media. Other programs emphasize the importance of the diversity of opinions, non-violent conflict resolution, and the value of public participation. SO2.1 is a complex and multi-faceted set of efforts seeking to better inform citizens as well to increase their participation in the political process. Six Intermediate Results seek to measure the achievement of this SO.

Key Results:

The following results took place under this SO during 2000.

(1) Completion of the election code under the new Albanian Constitution. Although the Constitution was passed in December of 1998, it has taken a considerable amount of time for various provisions to be implemented. Under the electoral law, the Parliament approved the establishment of a Central Elections Commission that finished writing an election code by May.

(2) Local elections conducted that were certified by monitors as free and fair. Although a national voter registration list was not fully compiled, the local elections for both commune and municipal mayors and councils were held on schedule. The election was deemed "mostly" free and fair by independent observers and approved by the Council of Europe.

(3) *Number of Non-governmental organizations (NGOs) participating in policy formulation and implementation.* The number of NGOs influencing policy formation and implementation has continued to increase. However, only a few are beginning to become more mature members of civil society capable of petitioning members of Parliament for the needs of their constituents in local communities.

(4) *The NGO Sustainability Index has rebounded after a decline in 1999.* Given the Kosovo crisis and increased civil unrest and corruption during 1998, the NGO Index declined in 1999 from 4.2 in the previous year to 4.8. During 2000, Albania has been more stable with less violence, an improving legal environment, and enhanced economic stability. The NGO Index for 2000 is now rated as 4.6 on a scale of 7 being “least sustainable” to 1 being “most sustainable.” This index is based on overall legal and economic data; not just NGO specific data.

(5) *Increased local participation in civil society.* USAID has directly supported activities targeted at increasing participation in civic action programs ensuring openness and accountability in elections and expanding the knowledge of democratic processes in local communities along with identifying potential political leaders at this level.

Performance and Prospects:

During this year, considerable progress was made in enabling local citizens to participate in the political process.

- The Parliament agreed to a new electoral law, formation of a Central Election Commission as envisioned under the new Constitution, and the development of a national voter registration system, which can form the basis of a reliable civil registry. USAID contractors played key roles in ensuring that these steps led to local elections in October 2000 acknowledged by the Organization for Security and Cooperation in Europe (OSCE) as being fair and open. While the voter registration system was delayed, it is being vigorously pursued so that the lists will be more accurate for Parliamentary elections in June of 2001.
- Citizen participation, a critical element for assuring the emergence of a viable democratic state is clearly on the increase. USAID, through one of its contractors (NDI), is providing leadership training and technical advice to young leaders in different political parties. To date, 54 leaders from 11 political parties have received training—of these, 18 are women with 21 persons residing outside of Tirana.
- USAID promotes the building of political and civic organizations in support of the Albanian government decentralization efforts. In February, NDI initiated Civic Forum Albania (CFA). This forum supports the democratic process in Albania by encouraging grassroots citizens' knowledge of the fundamental principles and practices of democracy. Currently the CFA is working with 50 different citizen groups comprised of 949 citizens (42% females, 58% males) in the districts of Tirana and Durrës. Eight field coordinators assist these groups in skills needed to become actively engaged in solving their community's problems.

- Civil society was promoted through the support of local Albanian NGOs. USAID, working through ORT International provided grants to effectively organize a network of NGOs (DemNet) galvanized to promote democracy principles in assisting their communities. In particular, ORT also sought to build capacity and provide training to NGOs focusing on woman's issues. This project operated from June 1995 through December 2000. During this period, 92 grants totaling just over a million dollars (\$1,052,635) were made to 59 NGOs of which 13 grants addressed women's issues. The major results of DemNet (based on a final closeout evaluation) concluded NGOs are capable partners for undertaking civic action and advocacy in public policy and decision-making.

Possible Adjustments to Plans:

USAID will continue to strongly support improvements in the Albanian electoral system as provided for under the new Constitution. Support will also be continued to enhance the operations of the Parliament through general level of training of the staff. Civil society activities will shift from being primarily focused on NGOs in the Tirana District to being a more balanced countrywide approach. A new contractor (Partners for Democratic Change) has been selected and is due to start operations in early 2001. Civic action and leadership development activities are expected to be closely coordinated with this new approach. Integral to informing local citizens is the need to have a free press and broadcast media. USAID continues to support an open media legal/regulatory framework by providing technical assistance and training to members of the media community.

Other Donors Programs:

Denmark, Norway, the Netherlands, and the UNDP continue to offer support to local NGOs. The OSCE, while providing only limited funding, has a full-time person designated to work directly on NGO support throughout the country. The OSCE, UNDP, USAID, in cooperation with IFES, are coordinating efforts in the development of election laws and a national voter registration system. The Soros Foundation, the BBC, and individual embassies pool their efforts on several media projects. The Council of Europe and the OSCE support parliamentary and political party activities.

Principal Contractors, Grantees, or Agencies:

USAID implements the aforementioned activities through the following organizations: the National Democratic Institute (NDI), the International Republican Institute (IRI), the International Research and Exchanges Board (IREX), the International Foundation for Election Systems (IFES), and World Learning International.

Performance Data Table

STRATEGIC OBJECTIVE: 2.1 Increased, better informed citizens' participation in political and economic decision-making APPROVED: May 1998 COUNTRY/ORGANIZATION: USAID/Albania			
INDICATOR: More effective political parties (SO Level)			
UNIT OF MEASURE: Freedom House Rating SOURCE: Freedom House, <i>Freedom in the World</i> . INDICATOR DESCRIPTION: In its annual survey of <i>Freedom in the World</i> , Freedom House ranks the level of civil liberties on a scale of 1 to 7, with 1 indicating the greatest degree of civil liberties. This score for civil liberties is combined with the score for political rights to classify countries as "Free", "Partly Free" or "Not Free." COMMENTS: According to Freedom House analysts, Albania's civil liberties rating fell from 4 to 5 due to increased civic unrest and corruption. Freedom House indicators provide a general year-to-year overview of the state of democracy in a given country. However, the general measures employed by Freedom House miss the nuances of democracy and governance programming at the Mission level. Therefore, while turning to the ratings for context, USAID cannot rely on these broad generalizations alone to measure SO performance. * The Freedom House rating for 2000-01 was not available at the time this R4 was revised, it is expected to be published in late April 2001.	YEAR	PLANNED	ACTUAL
	1989-90		7
	1990-91		6
	1991-92		4
	1992-93		3
	1993-94		4
	1994-95		4
	1995-96		4
	1996-97		4
	1997-98		4
	1998-99	3	5
	1999-00	4	5
	2000-01	4	*
	2001-02	3	

STRATEGIC OBJECTIVE: 2.1 Increased, better informed citizens' participation in political and economic decision-making APPROVED: May 1998 COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 2.1.2 Free and Fair Elections			
INDICATOR: Participation in local and national elections certified by monitors as free and fair			
UNIT OF MEASURE: Elections certified by monitors as "free and fair"	YEAR	PLANNED	ACTUAL
	1991		No
	1992		Yes
	1993		NA
	1994		NA
	1995		NA
	1996		No
	1997		NA
	1998		Yes ¹
	1999	No Elections	Yes ²
	2000	Yes	Yes
	2001	Yes	
SOURCE: Organization for Security and Cooperation in Europe (OSCE)			
INDICATOR DESCRIPTION: International and domestic monitors certify elections as "free and fair"			
COMMENTS: In 1998 there were only partial local elections. The referendum on the constitution marked an important vote and, as such, for 1998, USAID has decided to report on whether or not the referendum was declared Free and Fair.			
Local elections took place in October 2000. National elections are to be held by June 2001. While there is a risk that the opposition will boycott the upcoming local elections or will refuse to accept the results of those elections. Both sets of elections are critical to national reconciliation and the continued development of democracy and a market economy in Albania.			

¹ Although the referendum was voted on in FY99 (November 1998), USAID/Albania has decided to base the FY98 indicator on the referendum because the support from USAID and its partners largely took place in FY98.

² While not as challenging on either a technical or political level as a multi-party election, the successful conduct of the Constitutional referendum can be considered a measure of success of electoral and political processes. Observers reported that the referendum was conducted in a free and fair manner.

STRATEGIC OBJECTIVE: 2.1 Increased, better informed citizens' participation in political and economic decision-making APPROVED: May 1998 COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: IR 2.1.5 Improved effectiveness of Parliament			
INDICATOR: Establishment of permanent professional staff in Parliament			
UNIT OF MEASURE: Number of non-partisan staff positions SOURCE: International Republican Institute INDICATOR DESCRIPTION: This indicator monitors non-partisan staff positions and excludes those that are political advisers and administrative positions. COMMENTS: While meeting the target in 1999, there has been slow progress in establishing a permanent professional staff in Parliament. This results from the continuing problem of partisan dominance of issues within the legislative branch and a continuing reluctance on the part of several members of Parliament to cede some day-to-day duties to professional staff. <ul style="list-style-type: none"> No data were obtained for this indicator; IRI lost a Director during 2000 and its operation is currently dormant until this key position is filled. THIS INDICATOR WILL BE REPLACED. 	YEAR	PLANNED	ACTUAL
	1994		0
	1996	1	0
	1997	3	2
	1998	9	6
	1999	9	9
	2000	12	*
	2001	15	

STRATEGIC OBJECTIVE: 2.1 Increased, better informed citizens' participation in political and economic decision-making APPROVED: May 2000 COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 2.1.3 NGOs participating in political, social and economic decision-making			
INDICATOR: USAID Europe & Eurasia Bureau NGO Sustainability Index			
UNIT OF MEASURE: Final Average Rating SOURCE: USAID Europe & Eurasia Bureau INDICATOR DESCRIPTION: Seven dimensions of the NGO sector are analyzed in the Index: 1) legal environment, 2) organizational capacity, 3) financial viability, 4) advocacy, 5) public image, 6) service provision, and 7) NGO infrastructure. The Index uses a seven-point scale to facilitate comparisons with the Freedom House <i>Freedom in the World</i> indices, with 7 indicating a poor level of development and 1 indicating a very advanced NGO sector. COMMENTS: There are two major changes from the previous two years in the 1999 USAID Europe & Eurasia Bureau NGO Sustainability Index which make comparisons with previous years more difficult. 1) Scoring has been made more rigorous and comprehensive through the addition of two new dimensions of NGO sustainability – service provision and sectoral infrastructure. 2) A more refined and objective scoring process has been used. The addition of the two new dimensions exacerbated what was already a slight drop in Albania Index. Instead of improving from 4.2, the Index retreated to 4.8. in 1999 but showing improvement in 2000. The two new measures assess more precisely those areas where Albanian NGOs are weakest today. While there are as many as 800 NGOs registered in Albania and one half of these are active, the NGO law is still awaiting passage and will probably be held up until the other civil codes are established. Albanian NGOs are still largely donor driven and are recovering from a donor emphasis on advocacy over service provision and community development, a focus more likely to encourage the development of real constituencies around NGOs in Albania.	YEAR	PLANNED	ACTUAL
	1997		4.4
	1998		4.2
	1999		4.8
	2000	4.3	4.6
	2001	4.0	

STRATEGIC OBJECTIVE: 2.1 Increased, better informed citizens' participation in political and economic decision-making			
APPROVED: May 2000			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: IR 2.1.4.4			
Major electronic media outlets are independent			
INDICATOR:			
Combined Gross Advertising Revenue at Major Electronic Media Outlets			
UNIT OF MEASURE: US Dollars SOURCE: International Research and Exchanges Board (IREX) ProMedia/Albania INDICATOR DESCRIPTION: IREX has developed a strong working relationship with leading electronic media outlets in Albania. Based on analysis and development of business plans for the outlets, IREX has provided estimates for gross revenue for the following three television stations: 1) KLAN TV, 2) TV Albania, and 3) Teuta, based in Durres. COMMENTS: Analysis of media use patterns and content indicates that electronic media will lead the development of the media sector in Albania. Gross advertising revenue is being tracked as a measure of the growing privateness and the potential independence of national media in Albania. Currently, most media are in the thrall of one or two major political sponsors. * The dramatic increase was driven largely by political advertising associated with the local elections in Oct. 2000 and the Parliamentary elections scheduled for June 2001 are expected to increase political advertising to as high as \$6,000,000.	YEAR	PLANNED	ACTUAL
	1998		
	1999		\$85,000
	2000	\$102,000	\$5,500,000*
	2001	\$125,000*	

OPERATING UNIT: ALBANIA

STRATEGIC OBJECTIVE: 182-0220, Legal Institutions that Better Support Democratic Process and Market Reforms

Mission Self-Assessment: Meeting Expectations

Summary:

Activities under this SO link with the Agency Democracy Framework objective 2.1, *Rule of Law and respect for human rights of women as well as men strengthened*, E&E Bureau's SAA#2, Democratic Transition, the MPP goal of Developing Democratic Political Institutions and Regional Stability. USAID is strengthening the development of democratic legal institutions, facilitating the adoption of an accompanying legal framework in line with international norms, supporting a cadre of trained judicial and legal professionals, and working to increase access to justice for ordinary Albanians. The great challenge for Albania is to devise a power-sharing system of political participation by all of the various constituencies in the country that is transparent and accountable. The need to develop democratic political institutions extends to passing new legislation consistent with the democratic process, the open and free election of public officials, and enhancing the operation and efficiency of the judiciary by improving training for judges and lawyers. The direct beneficiaries of activities under this strategic objective are the members of the Albanian legal and judicial communities, members of the nascent private sector, and indirectly, the Albanian public at large.

Accomplishing these goals has been beset with delays. The sudden influx of almost 465,000 refugees from Kosovo in 1999 placed considerable strains on the existing Albanian legal system during a time of institutional change. Despite these difficulties, the Albanians adopted a democratic constitution by popular referendum in November of 1998 and have been implementing it over the last two years. During 2000, numerous changes occurred as a result of the new constitution that provided for the separation of powers between the parliament and the judiciary. A newly independent judiciary was installed and an independent association of judges was created, along with a high council of judges charged with appointing new judges or disciplining corrupt judges.

Key Results:

The following key results were adopted under this SO:

(1) Implementation of the new democratic Constitution. With the passage of the new Albanian Constitution, a USAID contractor facilitated the convening of the first meeting of the National Judicial Conference and a National Day of Justice in 2000 to familiarize the public with the operations of the judiciary and the Parliament.

(2) Access to justice increased. USAID has provided increased access to justice through the free legal consultations provided through non-state entities such the Tirana Legal Aid Society, the Women's Bar Association, and the Woman's Advocacy Center. While improved access is

sought for all citizens, conscious efforts in support of women's issues have been emphasized, resulting in increased access for everyone.

(3) Judicial and legal profession strengthened. USAID continues to support the training of judicial and legal professionals in cooperation with the U.S. Department of Justice. Utilizing legal experts from teaching faculties outside of Albania (e.g., Poland, Italy, and the U.S.), Albanian legal professionals are developing a more open and accountable legal system. The system is also becoming more accessible to women; in 2000, woman judges accounted for 53 of the total sitting 320 judges.

Performance and Prospects:

The USAID rule of law program has focused on (1) facilitating compliance with the new constitution among Albanian authorities, (2) promoting reform in the judiciary, (3) supporting the development of the legal profession, and (4) increasing access to (and demand for) justice through informational programs and the creation of such sustainable non-state legal institutions as private bar associations and legal aid clinics. During FY 2000, the following major activities were carried out with the assistance of USAID and its contractors.

National Judicial Conference In December 1999, 338 judges (86% of the Albanian Judiciary including non-sitting judges) held a constitutive meeting, the National Judicial Conference (NJC). This was a landmark event in the implementation of the Albanian Constitution. ABA/CEELI supported the initiative of the judges in the development of the agenda, provided logistical support, and sponsored the meeting financially. The NJC gained constitutional status in 1998; the new constitution requires 9 of the 15 members of the High Council of Justice (HCJ) be elected by the NJC. The main objective of the Conference was to establish the legitimacy of the HCJ by calling the meeting. The conference adopted a European Charter on the Statute for Judges establishing standards for a fair trial that can be met by different legal systems and for the independence and efficiency of the judiciary. Lastly, the Conference elected an Executive Council of sixteen judges based on regional representation and representatives of the Supreme Court and the Military Court.

National Day of Justice To promote awareness of the new Constitution and the changing legal landscape on the part of the Albanian public, USAID through its partners (ABA/CEELI with the assistance of the Soros Foundation, Women's Advocacy Center, IRI and IREX) and several Albanian associations held a National Day of Justice on May 10, 2000. The event consisted of mock trials, visits to the National Parliament, and a town hall meeting. The mock trials were held by magistrate students of the National University Law Faculty and the Association for the Development of Legal Initiatives (ADLI) to show members of the public how trials were held and the respective roles of the prosecution and the defense. These trials were held in five different communities in Albania. Working with many local organizations, ABA/CEELI arranged visits to the National Parliament for law school students and other members of the public to demonstrate how this legislative body functioned to create and pass laws. The climax of Justice Day was the convening of a televised Town Meeting for Albanian citizens to pose questions to members of the High Court, Constitutional Court, the People's Advocate, Minister of Justice, Dean of the Magistrate Court, and other government officials regarding the new

Constitution and associated legal processes. This event was the first of its kind in Albania and was moderated by a popular television journalist to ensure a high level of interest.

Judicial Ethics Workshop The first post-Constitution workshop on judicial ethics was organized by ABA/CEELI to familiarize judges with the obligations and responsibilities to the general public as well as to their peers under the new Constitution. Seventy judges from all of Albania attended this workshop. Representatives of the Supreme Court, District courts, and local courts were invited to present their views on ethical issues affecting judges. As a result of this two-day meeting, a working draft Judicial Code of Ethics was developed for presentation to the 2001 National Judicial Conference.

USAID continues to promote synergies with civil society activities under SO 2.1 in the creation of demand for public integrity. For example, the East-West Management Institute's commercial law training and customs under SO 1.3 also supports SO 2.2 and efforts to support decentralization and local governance under SO 2.3 also link to the need to improve legal institutions. Notwithstanding some notable successes, Albania still suffers from endemic corruption, fragile governmental authority, weak legal institutions, coupled with an emergent civil society only now becoming familiar with the country's legal institutions and their rights within the legal system. Even with the adoption of the new Constitution, Albania still has far to go before its legal system can support essential democratic processes and serve a market economy.

USAID's activities in the rule of law sector are being coordinated closely with the law enforcement and anti-corruption efforts that the U.S Embassy is managing. The Department of Justice (DOJ) Office of Overseas Prosecutorial Development and Training (OPDAT) continue to work with the police, prosecutors and defense attorneys in criminal procedures. DOJ will also continue its police training under the ICITAP program.

Possible Adjustments to Plans:

Activities under SO 2.2 will continue unchanged under the Mission's new Strategic Plan for 2001-2004. However, the DOJ program OPDAT that focuses on criminal investigation and prosecution will be moved into SO 4.1 under Special Initiatives.

Other Donor Programs:

The OSCE was instrumental in the preparation and passage of the new Albanian Constitution. The Council of Europe (CoE) continues to provide legal expertise and training for the Magistrates School in Tirana and for the Albanian judiciary. Additional donors to Albania's legal reform process are the Soros Foundation, Danida (Denmark), GTZ (Germany), and the World Bank.

Principal Contractors, Grantees, or Agencies:

USAID/Albania implements this activity through the American Bar Association's Central and East European Law Initiative (ABA/CEELI) Project, the U.S. Department of Justice, and World Learning International.

Performance Data Tables

STRATEGIC OBJECTIVE: 2.2 Legal systems that better support democratic processes and market reforms			
APPROVED: May 2000			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT:			
IR 2.2.2 Judicial system complies with the Constitution			
INDICATOR: Disciplinary actions brought against judges by the High Council of Justice			
UNIT OF MEASURE: Number of disciplinary actions taken SOURCE: High Council of Justice, American Bar Association/CEELI INDICATOR DESCRIPTION: The High Council of Justice is responsible for any transfer, discipline, and removal of judges. This represents the first time the power to discipline judges has rested with any authority other than the Executive. To date, the High Council has targeted several judges for removal, mainly those judges refusing to submit to new mandatory competency exams. However, as of February 2001 these were on appeal to the Supreme Court. USAID will track the numbers of disciplinary actions taken by the High Council against members of the judiciary as a measure of the self-governance of the judiciary in compliance with the Constitution. COMMENTS: None	YEAR	PLANNED	ACTUAL
	1998		0
	1999		0
	2000	10	5
	2001	15	
	2002	20	

STRATEGIC OBJECTIVE: 2.2 Legal systems that better support democratic processes and market reforms			
APPROVED: May 2000			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT:			
IR 2.2.2 Legal system restructured in the direction of international norms			
INDICATOR:			
Adoption of laws needed to bring system up to international standards			
UNIT OF MEASURE: Number of laws enacted SOURCE: ABA/CEELI INDICATOR DESCRIPTION: Court of laws enacted under the framework of the new Constitution. COMMENTS: Instituted after passage of the Constitution in 1998.	YEAR	PLANNED	ACTUAL
	1998	0	0
	1999	6	6
	2000	9	8
	2001	12	
	2002	18	

STRATEGIC OBJECTIVE: 2.2 Legal systems that better support democratic processes and market reforms			
APPROVED: May 2000			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: Access to justice through non-state entities IR 2.2.2			
INDICATOR: Legal consultations provided through non-state entities			
UNIT OF MEASURE: Number of consultations	YEAR	PLANNED	ACTUAL
SOURCE: American Bar Association/CEELI program	1995		
	1996		
	1997		
	1998		
	1999	200	218
	2000	225	307
	2001	250	
INDICATOR DESCRIPTION:			
<p>USAID, through ABA/CEELI, is providing free legal consultation through two non-state entities: 1) Women's Legal Clinic and 2) the Tirana Legal Aid Society. In FY00, USAID will begin supporting similar work through the Conflict Resolution Center.</p> <p>The number of consultations provided by these non-state entities will be tracked as a measure of access to justice.</p>			
COMMENTS:			
<p>Both USAID-supported clinics have or anticipate receiving substantial new resources this fiscal year. This will allow the caseload to expand substantially. TLAS currently has 251 open cases. The Women's Legal Clinic has 56.</p> <p>Data needed from ABA/CEELI.</p>			

STRATEGIC OBJECTIVE: 2.2 Legal systems that better support democratic processes and market reforms			
APPROVED: May 2000			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT:			
IR 2.2.2 Judicial system engages in self-governance			
INDICATOR: Participation in the National Judicial Conference			
UNIT OF MEASURE: Percent judges participating (not including associate judges)	YEAR	PLANNED	ACTUAL
	1998		0
	1999	80%	80%
	2000	85%	86%
	2001	90%	
SOURCE: National Judicial Conference, American Bar Association/CEELI	2002	95%	
INDICATOR DESCRIPTION: The National Judicial Conference, the nation's leading association of judges, is supported by USAID. The Conference has the potential to develop into an important forum for the self-governance of the judiciary. Most recently, the Conference facilitated compliance with Article 147 of the Constitution by convening and selecting 9 of the 15 members of the High Council of Justice.			
COMMENTS: None			

OPERATING UNIT: ALBANIA

STRATEGIC OBJECTIVE: 182-0230, More Effective, Responsive and Accountable Local Government

Mission Self-Assessment: Meeting Expectations

Summary:

Activities under this SO link with the Agency's Democracy Framework objective 2.4, *More transparent and accountable government institutions encouraged*, E&E Bureau's SAA#2, Democratic Transition, the MPP goal of Developing Democratic Political Institutions and Regional Stability. Local governments historically have been an extension of the central government, without budgetary or operational autonomy. Despite this historical backdrop, the Albanian government in 1998 did express an interest in promoting increased decentralization of authority and responsibilities to local governments. The new Constitution, that was drafted and passed that same year with support by USAID, provides the underpinning for increased decentralization. The process of decentralization has moved solidly forward with the assistance of USAID, particularly in the approval of a detailed national strategy on decentralization and direct technical assistance to pilot municipalities. In June of 2000, the Albanian Parliament approved the Law on Local Government. This and other legislation now permits local communities to set fees and collect taxes, establish and maintain bank accounts, and assume responsibility for certain municipal services such as water and waste management rather than having to rely on the central government.

USAID's strategy assumes that local government can and should play a key role in fostering positive economic and democratic development. It is essential that local citizens see the tangible benefits associated with good governance and the delivery of basic services made possible by the introduction of sound management systems. Local government programs have been implemented on two levels: efforts were made to establish sounder legal frameworks for local governance; and secondly, attention was given to improving the capacity of local municipalities to manage their affairs. Four Intermediate Results measure the achievements of SO 2.3. These are as follows:

Key Results:

The key results achieved under this SO capture the essence of increasingly effective, responsive, and accountable local governments being developed by USAID technical assistance efforts.

(1) Number of cities implementing budget procedures based on priorities. Assessing the degree to which cities are participating in the Albanian government's decentralization efforts is a critical key result. During 2000, nine municipalities received technical assistance in budgeting and overall capacity building. This is an important development given the history of Albania where municipalities have not traditionally controlled their own budgets.

(2) Increase of investment in municipal services. The overall goal of the government's decentralization plan is to promote investment in municipalities that will benefit their constituents.

The Urban Institute estimated that the level of local municipal investment increased 21 percent in 2000.

(3) *Number of cities with active public participation.* In promoting the development of democratic processes at the local community level, assisted cities are encouraged to have public hearings for expenditure priorities as expressed by their constituents. In 2000, some 20 municipalities developed capital improvement plans with the participation of local citizens.

Performance and Prospects:

The National Committee on Decentralization devised a strategy in concert with the Albanian Association of Mayors (now the Albanian Association of Municipalities). It delegates functions and responsibilities to municipalities, establishing procedures for sharing revenues, and setting norms for operating municipal financial systems to municipalities that effectively have had no authority in the past. This strategy was subsequently approved by the Council of Ministers in January 2000 and enacted into law in June as the Law of Local Government, which gives municipalities specific rights and responsibilities. In Albania, there are 65 municipalities and 309 *komunas* (legal groupings of villages), which constitute possible targets for this program. During FY 2000, considerable progress has been made to enable municipalities to successfully manage their own affairs.

- In nine pilot municipalities, USAID strengthened local institutional capacity through assistance in developmental budgeting, training in assessing priority needs, the preparation of a manual designed to provide basic guidelines and standards in municipal financial management, as well as support for participatory processes.
- Twenty municipalities were assisted by USAID in developing capital improvement plans (CIPs). Local citizens participated in assessing the basic needs of their community and prioritizing how available resources could be used to improve local infrastructure. Six communities are now using these plans as the basis for responding to donor requests for providing assistance.
- Through its public administration assistance efforts, USAID is helping local communities to produce economic development plans consisting of community profiles, analysis of community economic activities, and an assessment of the strengths and weaknesses of the community economic sector. These plans are intended to become the basis for devising new business activities in the community in the forthcoming years.
- Citizen Information Centers were created with the assistance of USAID funds in four cities to share information with members of the local community. Information sharing enhances the level of accountability to local citizens and promotes an increased level of support for local governance. In the coming year, 36 additional centers are planned for introduction in other Albanian municipalities.
- USAID continues to support the promotion of more effective, responsive, and accountable local governments through educational efforts. In June and July, 14 training workshops were conducted throughout Albania for mayors of *komunas* and smaller municipalities.

Participants came from all but one of the country's 36 districts—some 238 mayors or 64 percent of all local government units. These workshops resulted in extensive outreach and network building in support of developing viable local communities.

While the new local government law will facilitate the process of decentralization, successful decentralization will depend upon the continued political willingness of the Government to follow through with financial allocations. USAID plans on continuing technical assistance to municipalities to enable them to take on new responsibilities.

Possible Adjustments to Plans:

In the new Strategic Plan for 2001-2004, SO 2.3 will be eliminated as part of the Mission's efforts to refocus its activities and resources for achieving a simpler, more streamlined, and cohesive Strategic Framework. SO 2.3 will be combined with SO 2.1 to become a new Strategic Objective 2.1 entitled, "Increased Involvement of Civil Society in Economics and Political Decision-Making." As in its previous Strategic Plan of 1998-2002, USAID will continue to support civil society organizations, the media, municipalities and other governmental bodies. The new plan recognizes that considerable progress has been achieved with the passage of the new Constitution and laws in support of local government and shifts the focus from preparing local communities to manage their affairs to that of consolidating the legislative gains into viable and sustainable municipalities with active NGOs working on behalf of local constituencies.

Other Donor Programs:

Municipalities are assisted by several organizations. The World Bank and bilateral programs (e.g., Italy, Greece, Japan) provide support in constructing local infrastructure (water, sewerage, etc.) projects, and the GTZ has provided some technical assistance and training to local communities. The Netherlands (VNG) is also active in developing the capacity of local governments. The Council of Europe continues to provide equipment to selected municipalities and supports decentralization efforts.

Principal Contractors, Grantees, or Agencies:

USAID implemented these activities through Development Alternatives Inc. and its sub-contractor, Mendez-England, that ran the Public Administration Project in Albania (PAP/A) from 1995-2000. PAP/A conducted capacity-building activities with municipalities. The Urban Institute (UI) worked with the Government on infrastructure and decentralization. Under the new Local Government and Decentralization activity, UI will provide technical assistance to municipalities on developing the "core competencies". World Learning International has provided participant training opportunities to municipal officials, members of local NGOs, and local citizens under the E&E Bureau's Training Contract.

Performance Data Tables

STRATEGIC OBJECTIVE: 2.3 More effective, responsive and accountable local government			
APPROVED: May 1998			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 2.3.2			
Local government capable in budgeting, managing, planning, implementing and reporting			
INDICATOR: Number of cities implementing budget procedures based on priorities			
UNIT OF MEASURE: Number of cities	YEAR	PLANNED	ACTUAL
SOURCE: PAP/A	1996		0
	1997	2	2
	1998	3	2
	1999	3	7
	2000	4	9
	2001	6*	N/A
INDICATOR DESCRIPTION: Cities are counted as implementing budget procedures based on priorities if they budgeted according to their priorities and obtained funds for those priorities, especially from non-government sources.			
COMMENTS: *This activity has ended and will not be extended.			

STRATEGIC OBJECTIVE: 2.3 More effective, responsive and accountable local government			
APPROVED: May 1998			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: IR 2.3.3			
Local government provides improved services			
INDICATOR:			
Increase of investment in municipal services			
UNIT OF MEASURE: Millions of Leke through 1998, % increase over previous year after 1998 SOURCE: Urban Institute INDICATOR DESCRIPTION: Increasing central government, donor, and municipal resources/investment in municipal services COMMENTS: The increase of the level of investment was particularly high in FY98 as donors provided additional resources to help Albania recover from civil strife and social disorder. USAID/Albania is in the process of determining whether it would be possible to exclude donor assistance from the level of investment. No data were available as of 4/01 for 2000. *No figures are applicable for 2001 since this IR since it will be reprogrammed under the Mission's new Strategic Plan for 2001-2004. N/A=Not Applicable	YEAR	PLANNED	ACTUAL
	1995		0
	1996		
	1997	20	0
	1998	40	384
	1999	5%	21%
	2000	5%	Awaiting Data
	2001	5%*	

STRATEGIC OBJECTIVE: 2.3 More effective, responsive and accountable local government			
APPROVED: May 1998			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: IR 2.3.4			
Increased openness of local government			
INDICATOR:			
Number of cities with public participation in the annual budget process			
UNIT OF MEASURE: Number of cities	YEAR	PLANNED	ACTUAL
	1996		0
	1997	2	0
	1998	4	4
	1999	5	9
	2000	12	20
	2001	16*	N/A
SOURCE: Development Alternatives, Inc. PAP/A Project			
INDICATOR DESCRIPTION:			
Cities actively inform citizens about the content of the budget and encourage citizen participation in determining priorities.			
COMMENTS: FY 2001 targets will be considerably impacted now that the Albanian Parliament has passed the Law of Local Governments. It is expected that all of Albania's 65 municipalities will become involved in the budgeting process now that they can set fee and collect taxes.			
*No figures are applicable for this IR since it will be reprogrammed under the Mission's new Strategic Plan for 2001-2004. N/A= Not Applicable.			

OPERATING UNIT : ALBANIA

STRATEGIC OBJECTIVE: 182-0320, Improved Sustainability of Health and Social Benefits and Services

Mission Self-Assessment: Meeting Expectations

Summary:

Activities under this SO link to Agency Population and Health Objectives 4.1, *Unintended and mistimed pregnancies reduced (50%)*, and 4.3 *Deaths, nutrition insecurity, and adverse health outcomes to women as a result of pregnancy and child birth reduced (50%)*, E&E Bureau's SAA #3, Social Transition, and the MPP goal of Improving General Health Care.

The public health system in Albania remains the least developed in Central and Eastern Europe. While there has been some progress, the health delivery system continues to emphasize curative services over primary and preventative care and suffers from poor planning and weak management capacity. Abortion continues to be the primary method of birth control for many Albanian women. As it was conceived in 1998, this strategic objective aimed to increase the efficiency and lower the cost of health services to reduce the social investment required to maintain a healthy population and to bolster the productive capacity of Albania's people. The ultimate customers are Albanian citizens seeking quality health care, with an emphasis on women of reproductive age.

Key Results:

(1) *Improved reproductive-health practices:* More than 1,400 service providers received training in contraceptive technology, client counseling, and sexually transmitted infections. Over 240 private pharmacists were trained in family planning (FP) and client counseling. 331 improved service delivery points now provide quality services and information. An intensive nation-wide, multimedia campaign reached 200,000 people of reproductive age in four program districts and a much wider audience across the country. These measures reflect conditions required to achieve behavior changes needed improve reproductive health practices.

(2) *Improved hospital services in Tirana:* 150 nurses received training and a nurse job description was established. 109 doctors received training in the Emergency Medical Services Center. The first Women's Wellness Center in Albania opened in September as a result of a hospital partnership. Over 600 patients visited the center in the first eleven days of operation. Recognizing the effectiveness of this approach, local authorities obtained MOH funds to replicate the Center in another hospital in Tirana. These data reflect groundwork necessary to improve health service delivery.

Performance and Prospects:

USAID's reproductive health activities are designed to improve awareness, access and quality of reproductive health services throughout the country. High quality FP services are now available in the nine program districts. FP materials have been distributed to all service sites in the country.

- The National FP Media Campaign significantly increased awareness of FP. 69 percent of the married men and women interviewed in the four program districts identified the National Family Planning Campaign logos as a sign for family planning services, and the nationally broadcast messages reached a much wider audience.
- The Training of Trainers approach to FP practitioner training has significantly increased outreach and developed a cadre of master trainers accessible to the wider donor and NGO community working in the sector. In 2000 a third team of 23 master trainers in Shkoder was established, bringing the total to 72. They have trained 1403 service providers and 112 teachers in nine districts. Other donors and NGOs are hiring these trainers to conduct training for their own FP programs.

Crucial to the success of the reproductive health activities has been a high level of collaboration with the MOH, district directorates of public health, UNFPA, Albanian Family Planning Association, Mercy Corps, IMC, AIHA, CAM (an ECHO-funded project), and other organizations.

USAID's activities to improve hospital services have been implemented through several US/Albanian hospital partnerships developed in collaboration with the MOH and specific hospitals.

- One partnership worked with hospital teams on performance improvement in specific areas. The diabetes team mobilized physicians and nurses to conduct classes for diabetes patients. The infection team created an infection control committee to monitor and enforce sanitation standards in the Trauma Hospital.
- Training in the Emergency Medical Services (EMS) Center resumed (for 190 doctors) after one year's hiatus caused by the evacuation and other problems.

Overall, there were few results in the USAID activity in improved health administration and management. Steps taken to refocus for results in the revised Strategic Plan are discussed in the section on possible program adjustments. The health sector assessment, conducted in April 2000, identified a critical need to increase the efficiency of the limited health resources available to the GOA. In particular, healthcare financing requires technical support and training in "rational" pharmaceutical management.

The cross-cutting World Learning TRANSIT Program also supported SO 3.2 through participant training on pediatric clinic management, emergency /intensive care, and dental hygiene in the US and in-country training on community health committees (family planning) and a dentistry conference.

Possible Adjustments to Plans:

The USAID/Albania Revised Strategic Plan, approved in March 2001, refocuses the health program on a more narrowly defined SO, *Improved Selected Primary Health Care Services in Targeted Sites*, and the following IRs: 3.2.1, *Health resources more efficiently used*; 3.2.2, *Primary*

health care quality of service improved; and 3.2.3, Community participation increased. Over the next three years the Mission will build on experience and expand the focus of FP programs to provide selected PHC services, with a special emphasis on reproductive health and maternal and child health. The *MOH Health System Strategy: 2000-2010* provides the policy framework within which SO 3.2 will be implemented. Activities will target selected implementation sites and concentrate on capacity building to better position the MOH to expand PHC services after 2004. The Mission will also focus on specific areas in health care finance. The health care finance assessment, completed in March 2001, will guide the SO team in implementing this part of the strategy and in developing program performance measures. The Centers for Disease Control plans to conduct a Reproductive Health Survey to assess impact to date and provide baseline for future program activities. New activities under consideration include: Rational Pharmaceutical Management Plus, Health Policy and System Strengthening, Primary Health Care Partnership, Health Training and Management Initiative, and Community Health Promotion.

Other Donor Programs:

WHO leads on health policy for the donor community. The World Bank is supporting the Health System Recovery and Development Project, which include a Regional Health Authority for Tirana. Supported by the World Bank, The University of Montreal and the Paris Hospital System are providing planning assistance and management training to the Ministry of Health. UNICEF collaborates with the MOH in capacity building, WHO in training, and various child-focused NGOs. UNFPA focuses on reproductive health activities for young adults and oversees the procurement of contraceptive products for the MOH. The European Union supports a Public Health Facilities Maintenance project and has supported capacity building within the Ministry of Health. The European Community Humanities Office (ECHO) is supporting a range of NGO health activities including: the International Medical Corps (IMC) in a program addressing primary health care in five cities. Switzerland is strengthening the nursing school capacity.

Principal Contractors, Grantees, or Agencies:

American International Health Alliance Health Partnership Program, John Snow, Inc. Reproductive Health Project, the U.S. Department of Health and Human Services Financial Advisor Initiative, and World Learning International TRANSIT Participant Training Program.

Performance Data Tables

STRATEGIC OBJECTIVE: 3.2 Improved Sustainability of Social Benefits and Services APPROVED: 1998 COUNTRY/ORGANIZATION: USAID/Albania			
INDICATOR: Infant and maternal mortality			
UNIT OF MEASURE: 1) Number of infant deaths per 1,000 live births. 2) Number of infant maternal deaths per 100,000 births. <hr/> SOURCE: INSTAT. <hr/> INDICATOR DESCRIPTION: Death Certificates <hr/> COMMENTS: While infant and maternal mortality rates are commonly accepted indicators in the health and social services sector, these measures are too high level and are associated with too many factors to serve as an accurate measure of USAID's programmatic success in Albania. * Data for FY 2000 are not available because INSTAT has been engaged in preparations for the census in 2001. ** A new PMP for the Mission will be completed by the end of CY 2001. A new baseline will be established.	YEAR	PLANNED	ACTUAL
	1994		35.7 40.6
	1996	1) 34 2) 35	33.2 Not avail.
	1997	1) 31 2) 30	33.2 39
	1998	1) 29 2) 26	20.4 39
	1999	1) 27 2) 23	25 23
	2000	1) 25 2) 20	Not avail.* Not avail.*
	2001	**	

STRATEGIC OBJECTIVE: 3.2 Improved Sustainability of Social Benefits and Services			
APPROVED: 1998			
COUNTRY/ORGANIZATION: USAID/Albania			
IR 3.2.1.1: Access to reproductive health information improved			
INDICATOR: Number of people exposed to reproductive health messages			
UNIT OF MEASURE: Number of people <hr/> SOURCE: John Snow Inc. <hr/> INDICATOR DESCRIPTION: <hr/> COMMENTS: Baseline in 1995 was 4000 people. This indicator from the SO 3.2 performance data tables was not highlighted in the text last year. It is highlighted this year because it represents a key result.	YEAR	PLANNED	ACTUAL
	1996	5,000	No data
	1997	30,000	.No data
	1998	30,000	16,798
	1999	35,00	38,643
	2000	61,000	263,250
	2001	286,250	
	2002	307,250	

STRATEGIC OBJECTIVE: 3.2 Improved Sustainability of Social Benefits and Services			
APPROVED: 1998			
COUNTRY/ORGANIZATION: USAID/Albania			
IR 3.2.1.2 Reproductive health services quality improved			
INDICATOR: Number of trainers and service providers trained in reproductive health techniques			
UNIT OF MEASURE: Numbers of trainers and service providers SOURCE: John Snow Int. INDICATOR DESCRIPTION: Total (cumulative) numbers of professionals (midwives, doctors, nurses) trained COMMENTS: This indicator from the SO 3.2 performance data tables was not highlighted in the text last year. It is highlighted this year because it represents a key result.	YEAR	PLANNED	ACTUAL
	1997	100	180
	1998	140	326
	1999	650	1141
	2000	1450	1403
	2001	600	

STRATEGIC OBJECTIVE: 3.2 Improved Sustainability of Local Benefits and Services			
APPROVED: 1998			
COUNTRY/ORGANIZATION: USAID/Albania			
INTERMEDIATE RESULT: 3.2.1.2 Reproductive health services quality improved.			
INDICATOR: Number of Service Delivery Points (SDPs) actively providing reproductive health services.			
UNIT OF MEASURE: Number of SDPs (not including private pharmacies)	YEAR	PLANNED	ACTUAL
	1995		2
	1996	10	18
	1997	20	30
	1998	40	104
	1999	220	361
	2000	470	484
	2001	490	
SOURCE: John Snow, Inc.			
INDICATOR DESCRIPTION: Polyclinics, pharmacies, health centers, maternity hospitals.			
COMMENTS: The number 484 includes 60 pharmacies. This indicator from the SO 3.2 performance data tables was presented last year and stated as “under review”. It is highlighted this year because it represents a key result.			

OPERATING UNIT: ALBANIA

STRATEGIC OBJECTIVE: 182-0410, Special Initiatives

Mission Self-Assessment: Meeting Expectations

Summary:

Special Initiatives are activities that do not contribute directly to a strategic objective in the country program. They are specific, time-limited activities or they address extraordinary circumstances requiring assistance. FY99 SEED Supplemental activities are handled under this SO due to the extraordinary circumstance of the Kosovo refugee crisis. This SO also includes activities outside the USAID Mission's manageable interest.

Key Results, Performance and Prospects:

SEED Supplemental Funds:

In late FY99 Congress approved \$18.372 million dollars in supplemental funding for Albania to provide emergency support to Kosovo refugees and communities that housed them. The program, called the Albania Refugee Community Relief Program, was designed to improve the capacity of communities strained by the heavy influx of refugees. There are three major components to the program that continued activity in FY 2000.

Municipal Infrastructure Support Program (MISP) Funding level: \$10.000 million. Initiated August 2000 and implemented through International Organization for Migration (IOM), the aim of this program is to rapidly address the urgent need to repair damage to infrastructure, services, and the environment caused by the influx of refugees. The program seeks to rehabilitate weakened facilities and services essential to support basic community needs. Through governance and democracy building initiatives, many Albanian municipalities that hosted refugees have engaged in a process of community priority setting and identifying their most important needs for infrastructure improvement. MISP will address these needs through twenty to thirty renovation activities that will improve the economic and social value of these sites and provide tangible evidence of the benefits of community participation in democratic governance. There was a delay in starting these activities because the local elections in October 2000 dominated attention in municipalities and consumed the energy of the incumbent mayors. The new mayors needed time to assess needs and set their priorities. MISP has begun implementation and is poised to move quickly during 2001. MISP has targeted 25 rehabilitation projects that will be completed by early FY 2002.

Social Sector Rehabilitation and Support Program (SSRP) Funding level, \$7.372 million. Even prior to the arrival of the Kosovo refugees, Albania's social infrastructure showed signs of serious deterioration due to lack of resources and the impact of migration to the cities. The refugee presence depleted medical supplies and led to rapid deterioration of physical structures and equipment. This program is designed to rehabilitate clinics, rural hospitals, and schools and to enhance the skills of local staff. By the end of FY 2000, Mercy Corps, as the lead agency serving as the management unit, finalized the SSRP sectoral strategies, issued and publicized RFAs for projects, reviewed proposals and awarded funding for projects to 40 national and 9

international NGOs for improved quality of health services, improved quality of education services, and strengthening of NGOs. The SSRP has targeted 30 structures to be rehabilitated by FY 2001, and another 35 structures by 2002.

Weapons in Exchange for Development Funding level: \$1.0 million. This program was initiated in March 2000 through a grant with UNDP. The activity supported ongoing community development and rehabilitation efforts. USAID supports, and other donors' funds, are enabling UNDP to expand its program to Elbasan, where a large number of the refugees were housed. In exchange for the return of weapons, UNDP will undertake rehabilitation projects to repair or upgrade infrastructure and facilities, in cooperation with local communities. Because UNDP has not yet completed the contacting for the development activities funded by USAID, there are no results to report for FY 2000. This activity will have completed 2 rehabilitation projects in FY 2001, and 5 in FY 2002.

Other Programs:

Inter-Agency Referral System(IARS) Project for Return and Reintegration Assistance to Victims of Trafficking Total funding level: \$639, 467; USAID funding \$100,000. The objective of the project is to advance international counter-trafficking efforts through development of a responsive and sustainable interagency network in Albania that facilitates the successful return and reintegration of trafficking victims. This includes helping Albanian authorities establish standardized procedures for dealing with legal and human rights issues related to the return and reintegration of trafficking victims, in accordance with international norms. It also includes the development of counter-trafficking education and training initiatives. During the year 2000, IOM and International Catholic Migration Commission (ICMC) established an inter-agency referral system to provide return and reintegration assistance to Albanian victims of trafficking and third-country national victims wanting to return home from Albania. The project provided safe shelter, medical screening, social services, return transportation and reintegration assistance to 140 trafficking victims (15 Albanians and 125 third country nationals).

IARS's coordinated operational response system is capable of returning and providing reintegration assistance to 30 third country trafficking victims per month. IARS also engaged the Albanian government at a variety of levels (ranging from the ministry level to local police *comissarats*) to raise awareness of the plight of trafficking victims.

The Albanian Government Support Grant, financed with \$12.0 million FY99 ESF funding, served as a cash transfer for general budget support under the objectives of the GOA's Public Expenditure Support Program (PESP.) The PESP promoted budget discipline and allowed the Government to continue essential services and maintain structural adjustment programs as it coordinated relief efforts during the Kosovo crisis. The GOA identified 58 rehabilitation projects (education, transportation, and water delivery) located throughout the country to support through this program. All funds have been transferred to the Government.

Possible Adjustment to Program

There are two activities under negotiation as this R4 is being written. These are regional activities and will be implemented through buy-ins with the E&E Bureau.

Regional Energy Sector Reform. Albania faces major challenges in reversing the physical and financial deterioration of the electricity sector and in achieving a balance between supply and demand. Working in cooperation with other donors and the Ministry of Public Economy and Privatization, the Mission will contribute to the E&E Bureau's Regional Energy Initiative that will assist the government in developing a strategy to transform the energy sector into an effective system. This increased efficiency will enable Albania to participate in the regional electric grid, in particular with Greece and Montenegro. This work directly supports Economic Reform under the Stability Pact. The GOA has appointed a Special Task Force to develop a strategic action plan for energy sector reform. The action plan will identify solutions to prevent the current crisis from recurring rather than short-term measures that provide only temporary relief. The goal of the action plan is to create an overall market structure that will be more conducive to strategic investment and privatization.

Regional Infrastructure Program (RIP) The Regional Infrastructure Program assists Albania's water, transport and energy infrastructure, all key priority sectors for the Government of Albania. The Mission plans to assist the GoA develop the capacity to overcome serious deficiencies in project management, which have led to delays in completing infrastructure projects, resulting in unnecessary cost overruns, and often poor quality products. These problems have retarded completion of Albania's Stability Pact Quick Start Projects.

OPERATING UNIT: ALBANIA

STRATEGIC OBJECTIVE: 182-0420, Cross-Cutting Programs,

Mission Self Assessment: Meeting Expectations

Summary:

Cross-cutting programs are activities that are strategic in nature but make significant contribution to two or more strategic objectives. Mission programs that have been traditionally under this objective are TRANSIT (participant training) and audit, valuation, and program support (AEPS) activities.

Key Results, Performance and Prospects:

Participant Training:

In FY 2000 World Learning/TRANSIT organized 26 US and third country training programs for a total of 160 Albanians; 75 participated in short term (three week) training programs in the US; 85 took part in one-week programs or conferences in other Central or Eastern European countries. Women comprised 56 percent of the trainees. World Learning /TRANSIT-Albania also organized eight in-country training programs for a total of 406 participants (214 women and 192 men). This strong success in gender integration is attributable to USAID/Albania's continued commitment to reaching out to women and its strategic identification of sectors in which women play important, decision-making roles, as well as inclusion of capable women in group programs for sectors where their numbers are smaller.

Participant training continued its strong institutional focus with supplemental training for the Law faculty and its support staff. TRANSIT also continued to emphasize training groups of people working in particular sectors to improve working relationships and increase the opportunities for impact. World learning/TRANSIT has also encouraged potential participants to improve their English skills, emphasizing the long-term benefits of communicating directly with in-country advisors and with other contacts via internet, which enable ongoing skill improvement. USAID/Albania encourages cost-sharing, recognizing the value of commitment created when participants contribute directly to the cost of their training. Although Albania is the poorest country in Europe, thirty-nine participants contributed to travel their expenses in FY 2000.

Its cross-cutting nature and collaboration with most of the implementers of USAID's programs give World Learning/TRANSIT a broad understanding of USAID/Albania's overall targeted results that enables the program to ensure that most participant training objectives complement one or more goals of other SOs. For example, anti-corruption and issues of ethics were built into the design of training for the law and health professionals. The role of professional associations was woven into the design of programs for most groups.

The effective use of goal setting and action planning along with close collaboration with other USAID-funded program implementers in providing follow-on support, contributed to significant results. The following results may be attributed, at least in part, to successful participant training programs in FY 2000:

SO 1.3: As a result of training in dairy processing conducted in Bulgaria, in collaboration with Land 'O Lakes, Albanian dairy processors are producing higher quality and more varied dairy products by applying techniques learned during their training, thereby competing more effectively with imports.

SO 1.4: Training on small credit unions, conducted in collaboration with Land O' Lakes and the Irish Credit Union Association for members of credit unions in the districts of Korça and Kavaja, resulted in an increase in loans for business or home improvement purposes thanks to improved customer service learned during training.

SO 2.2: As a result of court Administration training in Lithuania, in coordination with the East West Institute, a number of district courts have improved public access to information due to their training. Other courts have increased the number of cases settled through mediation. As a result of teacher training for the Law Faculty in the US, law students has achieved greater engagement in courses at the Law Faculty due to improved texts and the use of active learning methods observed in the US.

SO 2.3: Municipalities have taken steps to improve the collection of local property taxes based on observations during their training on property tax administration in Romania, conducted in collaboration with the Urban Institute and the DAI PAP/A project.

SO 3.2: Patient care protocol for surgery, intensive care and cardiology in Tirana have been improved to provide better care and reduce pain while maintaining cost efficiency due to emergency intensive training in the US. As a result of training for Albanian doctors in pediatric clinic management in the US, children are also receiving better care from public and private clinics and parents are more aware of the signs of serious illness.

Audit, Evaluation and Program Support (AEPS):

The AEPS Program has been used as the principle resource for activity design, evaluation and program support. The funds have supported Mission-sponsored training sessions on program and activity management topics, and funding two FSN PSC positions previously supported by OE funds. Under this activity the Mission also supported two regional educational programs, the American University, Bulgaria (AUBG) and the Central European University (CEU.) The Mission will increase the resources for the AEPS program as a strategy to fund more local PSC staff from program funds and to undertake several evaluations and new activity design efforts.

PART III. RESOURCE REQUEST

Albania continues to play a crucial role in the economy, politics and security of an increasingly volatile region, making it a continuing high priority for Assistance for East European and Balkan States (AEEB) funding. Political changes in Albania, continued regional tensions, and an uncertain economic situation highlight the need for our program to retain flexibility.

During the FY 2002 R4 presentation, USAID/Albania proposed and the E&E Bureau agreed that a revised Strategic Plan would be submitted to extend the existing Strategic Plan for FY1998-2002 by two years. The new Strategic Plan for FY2001-FY2004, approved March 1, 2001, reflects a desire on the part of USAID/Albania to simplify the structure of its program and revise the performance indicators. Careful consideration was made of the resources available, particularly Mission management resources. The number of USAID personnel who can physically work at this post is highly constrained by security restrictions that require co-location. The adjustments to the Strategic Framework considered more targeted results and the evolution of, as well as the linkages among, the programs managed by USAID/Albania. Programs will now focus on development as well as transitional issues in recognition of Albania's weak institutions and civil society.

The Mission's strategic objectives are currently accomplished by: direct management of our OYB (NOA) program and OE funds; management or oversight of regional (and emergency) program funds transferred to the Mission; the employment of USDH, PSC, and FSN staff; and, management of in-country contractors, grantees, and cooperators.

Financial Plan

The financial plan for FY2003 is based on the revised Strategic Plan, which serves as our USAID/W guidance, and the joint USAID and State Department Coordinator (EUR/EEA) provided country specific planning levels of \$35.00 million for FY 2003. The resource request accommodates a nearly straight line funding scenario, compared with FY 2002.

SO#1.3: Growth in Number of Self-Sustaining Private Enterprises (modified.) Activities associated with this strategic objective are designed to accelerate development and growth of private enterprises. Starting from an economy with no private businesses in 1991, Albania has advanced to an economy dominated by the private sector. Nonetheless, the absence of experience in private business and the poor performance of state enterprises left a legacy of inappropriate institutions and a severe shortage of skills in both the public and private sector. Considerable numbers of public enterprises and assets were privatized or terminated, but the private sector has not been effective in establishing active markets in most areas of production, distribution or finance.

This program also assists Albania in developing the fundamental institutions and elements of a well-functioning private financial sector. The number of private banks has expanded, although

their operations have been mostly limited to financing trade for foreign clients doing business in Albania. On the public sector side, the task has been one of restructuring and privatizing the remaining state banks, while encouraging expansion of private banks and ensuring proper regulation of the banking system. USAID joined other donors in supporting the winding down of the pyramid schemes, with the intent of liquidating assets and distributing proceeds to depositors.

Programs supported by this SO remain as one of the primary focus areas of our portfolio. Private sector business growth, including the agricultural sector, will be a major driving force in Albania's efforts towards economic growth and political stability for the foreseeable future. Funding levels for the activities in the agriculture sector under this SO remain constant, subject to the results of an agriculture sector survey to be completed in FY2001. The Mission will focus its activities on strengthening private enterprise. In particular, we envision a new land market program will be in place to take the work of the land registration program accomplishments to the next logical stage. It will also complement the private enterprise efforts of other ongoing programs in this SO.

The mission will continue the Banking Supervision, FSVC, and the Collateral Law activities to support the establishment of private financial institutions and help strengthen the banking sector. A new financial sector reform activity will start in FY 2002 to assist with the commercialization of the private banking sector.

SO#2.1: Increased Involvement of Civil Society in Economic and Political Decision-Making (modified.) The Mission's programs are designed to achieve greater citizen participation in economic and political decision-making processes and achieve greater local government autonomy and management capacity. This will be accomplished by strengthening politically independent and geographically diverse Albanian NGOs, supporting a viable and credible independent media, and demonstrating to citizens the value of participation in democratic processes through strengthened local government. Municipal governments have very limited authority and capacity to generate their own revenues, despite several recently enacted laws. Lines between central and local government responsibilities are still confusing and unevenly interpreted. The locally controlled portion of the budget is so small that local governments can only minimally respond to citizen needs.

Citizen participation is the cornerstone of a healthy, functioning democracy, yet there is little tradition of citizen involvement to build on in Albania. Despite the divided, even polarized, political environment of the country, Albanians have shown interest in participating in political and democratic processes. Non-governmental organizations (NGOs), independent media, and democratic political parties are gaining momentum, particularly in the capital, Tirana. Nonetheless, there are still major constraints to the independence and sustainability of NGOs; the media lacks the professionalism and ideological independence to make them credible; and citizens are disengaged from a political process that is overly partisan and seems, for many, disconnected from their daily lives.

The Mission's support for citizen participation continues to have very high priority, which is shared with the Embassy and described in the MPP. Central emphasis will be strengthening the capacity and sustainability of the Albanian institutions with which USAID works by increasing

citizen participation in public discussion on key governance issues, increasing citizen confidence in the accuracy of news and information, and increase the independence of local administrations from central government. USAID will also continue to focus on elections, Parliament, and political parties to increase citizen interactions. Resources required to continue this work have been straight lined from the FY01 level.

SO#2.2: Legal Institutions that Better Support Democratic Processes and Market Reforms (continuing.) In the last few years, Albania has made substantial progress in building up its democratic institutions. Since the civil unrest of 1997, the security situation in Albania has improved markedly. In an open and transparent process, Albania drafted and adopted by national referendum a post-communist Constitution in 1998. By law, judicial power in Albania is exercised only by the courts. In the exercise of their functions, judges are independent and subject only to the Constitution. With assistance from the international community Albania has enacted civil and criminal procedure codes, an administrative procedural code and other legislation to protect democratic and economic rights. USAID will continue assisting the development of more competent legal professionals, promoting the independence of the judiciary, and helping citizens understand their rights to legal resource.

The Mission's objective is to develop more effective legal institutions that better support democracy and market reforms. The Constitution, established a parliamentary republic and explicitly states that the system of government in Albania is based on the separation and balancing of legislative, executive and judicial powers. The Albanian judiciary, however, is still weak. Judges are widely perceived as corrupt, and court proceedings are subject to delays. Decisions are inadequately enforced and the physical conditions of courthouses are poor. Other institutions supporting the legal system are also weak, largely due to incompetent, and often corrupt, prosecutors, police and other legal professionals.

The National Judicial Conference (NJC) plays a key role in furthering the independence of the judiciary. USAID will continue to support the NJC, particularly in its efforts to adopt a self-monitoring code of ethics. USAID will help to improve training and education opportunities, curriculum development and indigenous legal training institutions.

USAID assistance has increased citizen access to the legal system through organizations such as the Tirana Legal Aid Services and the Women's Advocacy Center. In 1999, these centers provided 200 free legal consultations to women and to citizens in need. Outreach efforts have included educating average citizens on their legal rights and responsibilities, and about the judicial reform process. USAID will continue to support these kinds of outreach efforts by legal institutions.

NGOs and other civil society organizations also contribute to anti-corruption efforts. USAID is supporting efforts to develop a civil society coalition against corruption. This will raise citizen awareness and help combat corruption and promoting transparency in all sectors of Albanian society.

SO#3.2: Improved Selected Primary Health Care Services in Targeted Sites (modified.) Programs under this SO are designed to improve the sustainability of primary health benefits and services in Albania with an emphasis on women's health. The program was modified to

emphasize primary health care. Improved health services fortify the productive capacity of Albania's human resources. The GOA is aware of the urgent need to revitalize and modernize its health care system. Increasing the efficiency and lowering the cost of health services will reduce the social investment required to maintain a healthy population. The key implementation themes of the revised SO 3.2 strategy are *capacity-building, coordination, and participation*.

The foundational activities for health finance reform take time to build. The health care financing system in Albania is shambles, and the activities cannot be started too soon. Delaying would threaten to the sustainability of other health programs. USAID will provide targeted resources for activities that offer fundamental and enabling augmentation of the financial management capacity within the MOH and across related organizations. Basic capacity building factors are necessary to nurture a long-term financing reform initiative. The proposed discrete activities can be seen as "triggers" for launching more vigorous health care financing reform commitments in the future. Basic financial management operations and systems for primary health care facilities will be supported with technical assistance and training.

In close collaboration with the Ministry of Health, USAID will support the development of community-based primary health care models in several sites. The objective will be to integrate all components of management, finance, training and community participation. The focus of the overall strategy would be on training and capacity building to upgrade services. USAID will focus on selected sites outside of Tirana and will coordinate with the local government activities. Master trainers will be developed at the national and district levels using competency-based techniques. They will then train staff in clinical, management and monitoring skills, using modules and allowing for practice of clinical primary health care interventions and use management skills learned. This sequencing allows incremental improvements in primary health care and allows staff to better absorb knowledge and develop competency in these skills. The expectation is that these training and capacity building activities will be extended to other districts at a later time.

A two-pronged approach is envisioned to involve the community. Through health promotion initiatives, communities and individuals will become better informed on health issues related to lifestyle and become oriented to play an active role in making changes. USAID and implementing partners, working closely with the MOH, will identify priority topics to begin the active education of individuals in the target districts. The second component will result from special health issues identified by the community. These will be addressed through community action and special interest groups that come together around specific health issues that relate directly to them.

SO#4.1: Special Initiatives. Special Initiatives meet criteria outlined in Agency guidance, which identify these activities as ones that are of limited scope and/or duration, or address extraordinary circumstances requiring assistance. For the Mission, in the past these activities have supported grants to organizations and donors in support of local infrastructure rehabilitation, social sector rehabilitation, budget support to the Government of Albania, and regional energy sector reform.

Albania faces a major challenge in reversing the physical and financial deterioration of the electricity sector and achieving a balance between supply and demand. Albania is interested in charting a course to restructure and privatize the electricity industry and the Mission is assisting in this effort. In addition, Albania has presented a number of infrastructure construction and

rehabilitation proposals to the Stability Pact. Seven “Quick Start Projects” identified by Albania were seriously delayed and the Mission, through the “Regional Infrastructure Program”, is supporting Albania’s reconstruction efforts to get these programs completed.

SO#4.2: Cross-cutting Initiatives. Activities in this strategic objective directly affect two or more strategic objectives or have a long-term regional perspective. Resources for this strategic objective will remain relatively constant. The Mission has redesigned the training program to more directly aim at achieving results in support of strategic objectives. The program will work with local or regional trainers and facilitators in order to build local capacity and cut costs. The Mission will fund the START activity (a global training activity) which provides technical assistance to USAID partners and emphasizes how to design and implement training objectives. Under this program the Mission’s partners will become more involved in the selection of training participants. START will also be used to identify training gaps within the strategy and design training programs to fill those gaps in order to increase USAID’s impacts. The training program aggressively aims to achieve gender balance with a target that 50 percent of participants are women.

USAID will increase the resources for the AEPS program in order to fund more local PSC staff from program funds and to undertake several evaluations and new activity design efforts during the FY.

Our training programs, in particular START or its successor, remain an important part of our portfolio. Additional funds have been added to our AEPS program to enable us to move FSN project assistant staff from OE to program funds and to undertake a series of activity (project) evaluations during the transition to the new strategic plan.

OE and Staffing Requirements

OE funding requirements will remain essentially constant between FY2001 and FY2003. A small amount of shifting between cost centers will be necessary to respond to the anticipated increases in ICASS participation costs, the result of upgrades mandated by Diplomatic Security, and residential security upgrading. Changes in office space availability would alter the budget significantly (see details of our OE budget.)

The Mission's staffing level remains a major concern. The FY2001 Workforce Table reflects our present approve USDH staff and target FSN levels, with several positions "on hold" due to the lack of space in our shared Embassy facility. The Embassy has been as accommodating as possible, but every square inch of space is fully occupied. Longer-term plans for construction of additional permanent offices on the compound are under development by FBO. Without relief, the mission remains critically under-staffed, and potentially vulnerable to weak program management oversight. This situation has been noted in our Mission Vulnerability Survey conducted this year. Workforce projections for FY 2002 and FY2003 are attached.

Table 1. Budget Request by Program

FY 2001 Budget Request by Program/Country

Fiscal Year: 2001

Program/Country: ALBANIA

Approp: AEEB

Scenario:

FY 2001 Request															
S.O. # , Title	Starting Pipe line	Total	Agri- culture	O ther E conomic G rowth	Children's B asic E ducation (*)	O ther H C D	Population	Child Survival & M aternal H ealth (*)	O ther I nfectious D iseases (*)	H I V/A I D S (*)	Vulnerable C hildren (*)	Environ	D /G	Est. S.O. E xpendi- tures	Est. S.O. Pipe line E nd of 2001
SO 1:		Successful Democratic Transition Including Free and Fair Elections													
Bilateral	25,459	15,073	4,930	9,343		800		0						32,426	8,106
Field Spt		0													0
	25,459	15,073	4,930	9,343	0	800	0	0	0	0		0	0	32,426	8,106
SO 2:		Successful Transition from Relief to Recovery Through a Community Reintegration Program													
Bilateral	6,532	6,350											6,350	10,821	2,061
Field Spt		0													0
	6,532	6,350	0	0	0	0	0	0	0	0		0	6,350	10,821	2,061
SO 3:															
Bilateral	750	4,125					3,375	750						4,463	412
Field Spt		0													0
	750	4,125	0	0	0	0	3,375	750	0	0		0	0	4,463	412
SO 4:															
Bilateral	20,070	9,575	135	675		6,015						1,500	1,250	27,164	2,481
Field Spt		0													0
	20,070	9,575	135	675	0	6,015	0	0	0	0		1,500	1,250	27,164	2,481
SO 5:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
SO 6:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
SO 7:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
SO 8:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
Total Bilateral	52,811	35,123	5,065	10,018	0	6,815	3,375	750	0	0		1,500	7,600	74,874	13,060
Total Field Support	0	0	0	0	0	0	0	0	0	0		0	0	0	0
TOTAL PROGRAM	52,811	35,123	5,065	10,018	0	6,815	3,375	750	0	0		1,500	7,600	74,874	13,060
FY 2001 Request Agency Goal Totals						FY 2001 Account Distribution (DA only)			Prepare one set of tables for each FY (FY 2001,FY 2002,FY 2003)						
Econ Growth			15,083			DA Program Total			Prepare one set of tables for each appropriation Account						
Democracy			7,600			CSD Program Total			Tables for DA and CSD may be combined on one table.						
HCD			6,815			TOTAL			For the DA/CSD Table, columns marked with (*) will be funded						
PHN			4,125						from the CSD Account.						
Environment			1,500												
GCC (from all Goals)			0												

FY 2002 Budget Request by Program/Country

Fiscal Year: 2002 **Program/Country:** ALBANIA
Approp: AEEB
Scenario:

FY 2002 Request															
S.O. # , Title	Starting Pipeline	Total	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival & Maternal Health (*)	Other Infectious Diseases (*)	HIV/AIDS (*)	Vulnerable Children (*)	Environ	D/G	Est. S.O. Expenditures	Est. S.O. Pipeline End of 2002
SO 1: Successful Democratic Transition Including Free and Fair Elections															
Bilateral	8,106	14,050	3,800	9,450		800		0						17,725	4,431
Field Spt		0													0
	8,106	14,050	3,800	9,450	0	800	0	0	0	0	0	0	0	17,725	4,431
SO 2: Successful Transition from Relief to Recovery Through a Community Reintegration Program															
Bilateral	2,061	7,650											7,650	8,157	1,554
Field Spt		0													0
	2,061	7,650	0	0	0	0	0	0	0	0	0	0	7,650	8,157	1,554
SO 3:															
Bilateral	412	3,775					3,025	750						3,517	670
Field Spt		0													0
	412	3,775	0	0	0	0	3,025	750	0	0		0	0	3,517	670
SO 4:															
Bilateral	2,481	9,525		675		6,350						1,250	1,250	9,605	2,401
Field Spt		0													0
	2,481	9,525	0	675	0	6,350	0	0	0	0		1,250	1,250	9,605	2,401
SO 5:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
SO 6:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
SO 7:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
SO 8:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
Total Bilateral	13,060	35,000	3,800	10,125	0	7,150	3,025	750	0	0		1,250	8,900	39,004	9,056
Total Field Support	0	0	0	0	0	0	0	0	0	0		0	0	0	0
TOTAL PROGRAM	13,060	35,000	3,800	10,125	0	7,150	3,025	750	0	0		1,250	8,900	39,004	9,056
FY 2002 Request Agency Goal Totals			FY 2002 Account Distribution (DA only)												
Econ Growth			13,925		DA Program Total			34,250		Prepare one set of tables for each FY (FY2001, FY2002, FY2003)					
Democracy			8,900		CSD Program Total			750		Prepare one set of tables for each appropriation Account					
HCD			7,150		TOTAL			35,000		Tables for DA and CSD may be combined on one table.					
PHN			3,775		For the DA/CSD Table, columns marked with (*) will be funded from the CSD Account.										
Environment			1,250												
GCC (from all Goals)			0												

FY 2003 Budget Request by Program/Country

Fiscal Year: 2003 **Program/Country:** ALBANIA
Approp: AEEB
Scenario:

FY 2002 Request															
S.O. # , Title	Starting Pipeline	Total	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival & Maternal Health (*)	Other Infectious Diseases (*)	HIV/AIDS (*)	Vulnerable Children (*)	Environ	D/G	Est. S.O. Expenditures	Est. S.O. Pipeline End of 2002
SO 1: Successful Democratic Transition Including Free and Fair Elections															
Bilateral	8,106	14,050	3,800	9,450		800		0						17,725	4,431
Field Spt		0													0
	8,106	14,050	3,800	9,450	0	800	0	0	0	0		0	0	17,725	4,431
SO 2: Successful Transition from Relief to Recovery Through a Community Reintegration Program															
Bilateral	2,061	7,650											7,650	8,157	1,554
Field Spt		0													0
	2,061	7,650	0	0	0	0	0	0	0	0		0	7,650	8,157	1,554
SO 3:															
Bilateral	412	3,775					3,025	750						3,517	670
Field Spt		0													0
	412	3,775	0	0	0	0	3,025	750	0	0		0	0	3,517	670
SO 4:															
Bilateral	2,481	9,525		675		6,350						1,250	1,250	9,605	2,401
Field Spt		0													0
	2,481	9,525	0	675	0	6,350	0	0	0	0		1,250	1,250	9,605	2,401
SO 5:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
SO 6:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
SO 7:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
SO 8:															
Bilateral		0													0
Field Spt		0													0
	0	0	0	0	0	0	0	0	0	0		0	0	0	0
Total Bilateral	13,060	35,000	3,800	10,125	0	7,150	3,025	750	0	0		1,250	8,900	39,004	9,056
Total Field Support	0	0	0	0	0	0	0	0	0	0		0	0	0	0
TOTAL PROGRAM	13,060	35,000	3,800	10,125	0	7,150	3,025	750	0	0		1,250	8,900	39,004	9,056
FY 2002 Request Agency Goal Totals			FY 2002 Account Distribution (DA only)												
Econ Growth			13,925		DA Program Total			34,250		Prepare one set of tables for each FY (FY2001, FY2002, FY2003)					
Democracy			8,900		CSD Program Total			750		Prepare one set of tables for each appropriation Account					
HCD			7,150		TOTAL			35,000		Tables for DA and CSD may be combined on one table.					
PHN			3,775		For the DA/CSD Table, columns marked with (*) will be funded from the CSD Account.										
Environment			1,250												
GCC (from all Goals)			0												

Table 2. Workforce

Org_USAID/ALBANIA End of year On-Board								Total SO/SpO	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
FY 2001 Estimate	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2									
OE Funded: 1/																
U.S. Direct Hire	1							1	2		1				3	4
Other U.S. Citizens								0		1					1	1
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0	3	1	3			2	9	9
Subtotal	0	0	1	0	0	0	0	1	5	2	4	0	0	2	13	14
Program Funded 1/																
U.S. Citizens	1	1						2							0	2
FSNs/TCNs	2	1	1					4							0	4
Subtotal	3	2	1	0	0	0	0	6	0	0	0	0	0	0	0	6
Total Direct Workforce	3	2	2	0	0	0	0	7	5	2	4	0	0	2	13	20
TAACS								0							0	0
Fellows								0							0	0
NEPs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	3	2	2	0	0	0	0	7	5	2	4	0	0	2	13	20

Org_ USAID/ALBANIA End of year On-Board								Total SO/SpO	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
FY 2002 Target	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2									
OE Funded: 1/																
U.S. Direct Hire	1							1	2		1				3	4
Other U.S. Citizens								0		1					1	1
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0	4	1	3			2	10	10
Subtotal	0	0	1	0	0	0	0	1	6	2	4	0	0	2	14	15
Program Funded 1/																
U.S. Citizens	1	1						2							0	2
FSNs/TCNs	2	1	1	1				5							0	5
Subtotal	3	2	1	1	0	0	0	7	0	0	0	0	0	0	0	7
Total Direct Workforce	3	2	2	1	0	0	0	8	6	2	4	0	0	2	14	22
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	3	2	2	1	0	0	0	8	6	2	4	0	0	2	14	22

Org_USAID/ALBANIA End of year On-Board								Total SO/SpO Staff	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
FY 2003 Target	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2									
OE Funded: 1/																
U.S. Direct Hire	1							1	2		1				3	4
Other U.S. Citizens								0			1				1	1
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0	4	1	4			2	11	11
Subtotal	0	0	1	0	0	0	0	1	6	1	6	0	0	2	15	16
Program Funded 1/																
U.S. Citizens	1	1						2							0	2
FSNs/TCNs	3	2	1	1				7							0	7
Subtotal	4	3	1	1	0	0	0	9	0	0	0	0	0	0	0	9
Total Direct Workforce	4	3	2	1	0	0	0	10	6	1	6	0	0	2	15	25
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	4	3	2	1	0	0	0	10	6	1	6	0	0	2	15	25

Org_USAID/ALBANIA End of year On-Board								Total SO/SpO Staff							Total Mgmt.	Total Staff
FY 2003 Request	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2		Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other		
OE Funded: 1/																
U.S. Direct Hire	1		1					2	2		1				3	5
Other U.S. Citizens								0			1				1	1
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0	4	1	4			2	11	11
Subtotal	1	0	1	0	0	0	0	2	6	1	6	0	0	2	15	17
Program Funded 1/																
U.S. Citizens	1	1						2							0	2
FSNs/TCNs	3	2	1	1				7							0	7
Subtotal	4	3	1	1	0	0	0	9	0	0	0	0	0	0	0	9
Total Direct Workforce	5	3	2	1	0	0	0	11	6	1	6	0	0	2	15	26
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	5	3	2	1	0	0	0	11	6	1	6	0	0	2	15	26

Table 3. USDH Staff Requirements

Mission: Albania

Occupational Backstop (BS)	Number of USDH Employees in Backstop in:			
	FY 2001	FY 2002	FY 2003	FY 2004

Senior Management				
SMG - 01	1	1	1	1
Program Management				
Program Mgt - 02	1	1	1	1
Project Dvpm Officer - 94	1			
Support Management				
EXO - 03	1	1	1	1
Controller - 04				
Legal - 85				
Commodity Mgt. - 92				
Contract Mgt. - 93				
Sector Management				
Agriculture - 10 & 14				
Economics - 11				
Democracy - 12				
Food for Peace - 15				
Private Enterprise - 21				
Engineering - 25				
Environment - 40 & 75				
Health/Pop. - 50		1	1	1
Education - 60				

Total	4	4	4	4
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Table 4. Operating Expenses

**NARRATIVE FOR 2002 and 2003 OPERATING EXPENSE BUDGET ANNUAL
BUDGET SUBMISSION FROM USAID/ALBANIA**

Background:

Two factors have the greatest effect upon the operating expense budget of USAID/Albania: Security and office space.

The tight security situation in Albania has relaxed considerably. Dependents over age 21 were allowed at Post in July 2000. Danger pay was decreased in August 2000 and completely removed in November 2000. Privately owned vehicles and full shipments were allowed in February 2001. Fully armored vehicle requirements were lessened.

The more-than-tight office space situation remains unchanged. USAID presently occupies 106 square meters of office space, including LAN and related equipment room and emergency-exit passageways; all within the Embassy chancery. Since that space is far less than the standard for US government allotted space per person, various efforts have been made to move offsite or expand space on the chancery compound. Those have been futile so far. However, plans to renovate an existing warehouse on the chancery compound into office space are now almost at the bidding stage. Estimated completion is second quarter FY 2002. That renovation will increase USAID space about 50% and house USAID's present staff more comfortably. Still more space will be needed, however, if USAID/Albania expands to between 25 to 30 employees; a staff size appropriate for its portfolio size and complexity. USAID/Albania is researching various options for additional space to accommodate that expansion.

Assumptions:

OC 11.8

USPSC salaries

FY02 An offshore hire USPSC position will be converted into a local hire slot in the third quarter of FY02

FY03 includes a lower-cost, local-hire position

FN PSC salaries

FY01 Post is adding two drivers and a financial assistant. Also, a secretary will be added to serve its 3 technical offices

FY02 Post will add an additional program assistant

FY03 Post will add a procurement/travel assistant

OC12.1

educational allowances

FY01 The USPSC Financial Manager has two children in secondary school, one will graduate this year

FY02 The final year of funding for the offshore benefit for the USPSC Financial Manager; however, educational allowances are planned for 2 children of incoming DHs

Home Service Transfer Allowance

FY01 PDO Returns to Washington.

FY02 one employee returns to Washington

FY03 one employee returns to Washington

Other Misc. USDH Benefits

FY01 The Mission Director, Program Officer and EXO family members receiving SMA

FY02 Mission Director and Program Officer family members receiving SMA

FY03 One family receiving SMA

USPSC benefits

FY02- FY03 decrease in USPSC benefits when position is changed to a local-hire position in 3rd quarter 2002

OC21.0

Training travel

FY01 4 new FSN staff are trained in Admin management, ADS, Mission Director and Program Officer attend Leadership training, Program Officer attends ADS and Performance Monitoring, PDO attends CTO training

FY02 Additional training for FSNs and DH personnel and straight-lined for **FY03**

Post Assignment Travel to field

FY02 DH replacement for PDO, Mission Director and Program Officer

Assignment to Washington travel

FY01 PDO returns to Washington

FY02, FY03 One employee returns to Washington each year

Home leave travel

FY01 Mission Director, EXO, Program Officer and USPSC Financial Manager take home leave

FY03 One DH takes home leave

R&R travel

FY01 4 DH and OE-funded USPSC take 2 R&Rs

FY02 4 DH and OE-funded USPSC take one R&R

FY03 4 DH eligible for one R&R

Education Travel

FY02 planned for 2 children

FY03 planned for 2 children

Other Operational Travel

FY01, FY02, FY03, Mission funds travel for TDY support during staff leave and training

Evacuation travel

FY01, FY02, FY03, allowance for medevacs

OC 22.0

Post assignment freight

FY01 Project Development Officer (PDO) freight to Washington

FY02 Freight to Post for replacement Mission Director, Program Officer and PDO, freight for one DH returning to Washington

FY03 Freight to Post for replacement EXO

Transportation/Freight for Office Furniture/Equip.

FY01 purchase of office furnishings in anticipation of renovation of office

OC23.0

Rental Payments to Others-warehouse

FY01 Short-term rental of storage space before completion of new Government-owned warehouse

Rental Payments to Others-residences

FY 01, FY02 rental of residence for USPSC Financial Manager

FY03 No OE-funded residence rental is required

OC25.1

Management Consulting

FY02 Mission Retreat or other transitional management assistance for incoming Mission Director

OC 25.3

ICASS

FY01 significant increase in ICASS due to increased service usage

FY02 decrease in ICASS due to fewer service subscriptions, partially offset by higher ICASS security costs, for 2 cost centers no longer paid by security supplemental to State

FY03 Mission's ICASS usage stable, with upward adjustment for inflation and increasing proportion of security cost centers

OC31.0

Purchase of Office Furniture and Equipment

FY01 Office furniture is optimistically purchased for increased space and new personnel. Cell phones, warehouse equipment and various safety supplies are purchased

Purchase of Vehicles

FY01 A truck is added for NXP support and a passenger vehicle is ordered in anticipation of ICASS motor pool withdrawal.

FY02 or FY03 Possible need for a new FAV is not included. FAV was mentioned in response to SEC

Hardware purchases

FY01 166 Hz Mission computers are replaced, 3 new computers added, server replaced, one laptop replaced, 3 network printers are added, fax machine and scanner replaced.

FY02 5 computers were added, 2 printers replaced, one added, copier machine replaced.

FY03 5 computers were replaced

Software purchases

FY01 NXP software is purchased

FY02 Upgrades related to NT installation

OC32.0

Lands and Structures

Building Renovations/Alternations-Office

FY01 Mission buys-in to FBO renovation project

FY02 Mission funds addition to FBO building. Includes allowance for any security requirements

Org. Title:	ALBANIA												
Org. No:	182.0	FY 2001 Estimate			FY 2002 Target			FY 2003 Target			FY 2003 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 11.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0.0	0.0		0.0	0.0		0.0	0.0		0.0
11.5	FNDH			0.0			0.0			0.0			0.0
	Subtotal OC 11.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	55.0		55.0	57.0		57.0	48.0		48.0	48.0		48.0
11.8	FN PSC Salaries	140.0		140.0	160.0		160.0	180.0		180.0	180.0		180.0
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0.0			0.0			0.0			0.0
	Subtotal OC 11.8	195.0	0.0	195.0	217.0	0.0	217.0	228.0	0.0	228.0	228.0	0.0	228.0
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	36.0		36.0	85.0		85.0	60.0		60.0	60.0		60.0
12.1	Cost of Living Allowances			0.0			0.0			0.0			0.0
12.1	Home Service Transfer Allowances	4.0		4.0	4.0		4.0	4.0		4.0	4.0		4.0
12.1	Quarters Allowances	2.0		2.0	2.0		2.0	2.0		2.0	2.0		2.0
12.1	Other Misc. USDH Benefits	20.0		20.0	18.0		18.0	10.0		10.0	10.0		10.0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	* Payments to FSN Voluntary Separation Fund - FNDH			0.0			0.0			0.0			0.0
12.1	Other FNDH Benefits			0.0			0.0			0.0			0.0
12.1	US PSC Benefits	12.0		12.0	13.0		13.0	6.0		6.0	6.0		6.0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	* Payments to FSN Voluntary Separation Fund - FN PSC			0.0			0.0			0.0			0.0
12.1	Other FN PSC Benefits	8.0		8.0	10.0		10.0	12.0		12.0	12.0		12.0
12.1	IPA/Detail-In/PASA/RSSA Benefits			0.0			0.0			0.0			0.0
	Subtotal OC 12.1	82.0	0.0	82.0	132.0	0.0	132.0	94.0	0.0	94.0	94.0	0.0	94.0

13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FNDH			0.0			0.0			0.0			0.0
13.0	Other Benefits for Former Personnel - FNDH			0.0			0.0			0.0			0.0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FN PSCs			0.0			0.0			0.0			0.0
13.0	Other Benefits for Former Personnel - FN PSCs			0.0			0.0			0.0			0.0
	Subtotal OC 13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel	20.0		20.0	24.0		24.0	24.0		24.0	24.0		24.0
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Post Assignment Travel - to field	5.0		5.0	18.0		18.0	6.0		6.0	6.0		6.0
21.0	Assignment to Washington Travel	3.0		3.0	6.0		6.0	2.0		2.0	2.0		2.0
21.0	Home Leave Travel	6.0		6.0			0.0	4.0		4.0	4.0		4.0
21.0	R & R Travel	20.0		20.0	16.0		16.0	16.0		16.0	16.0		16.0
21.0	Education Travel			0.0	3.0		3.0	3.0		3.0	3.0		3.0
21.0	Evacuation Travel	3.0		3.0	5.0		5.0	5.0		5.0	5.0		5.0
21.0	Retirement Travel			0.0			0.0			0.0			0.0
21.0	Pre-Employment Invitational Travel			0.0			0.0			0.0			0.0
21.0	Other Mandatory/Statutory Travel	3.0		3.0	5.0		5.0	5.0		5.0	5.0		5.0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel	6.0		6.0	4.0		4.0	4.0		4.0	4.0		4.0
21.0	Site Visits - Mission Personnel	10.0		10.0	4.0		4.0	4.0		4.0	4.0		4.0
21.0	Conferences/Seminars/Meetings/Retreats	20.0		20.0	20.0		20.0	20.0		20.0	20.0		20.0
21.0	Assessment Travel			0.0			0.0			0.0			0.0
21.0	Impact Evaluation Travel			0.0			0.0			0.0			0.0
21.0	Disaster Travel (to respond to specific disasters)			0.0			0.0			0.0			0.0
21.0	Recruitment Travel			0.0			0.0			0.0			0.0
21.0	Other Operational Travel	8.0		8.0	8.0		8.0	8.0		8.0	8.0		8.0
	Subtotal OC 21.0	104.0	0.0	104.0	113.0	0.0	113.0	101.0	0.0	101.0	101.0	0.0	101.0

22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight	40.0		40.0	80.0		80.0			0.0			0.0
22.0	Home Leave Freight	20.0		20.0			0.0			0.0			0.0
22.0	Retirement Freight			0.0			0.0			0.0			0.0
22.0	Transportation/Freight for Office Furniture/Equip.	26.0		26.0	15.0		15.0	15.0		15.0	15.0		15.0
22.0	Transportation/Freight for Res. Furniture/Equip.	16.0		16.0	10.0		10.0	10.0		10.0	10.0		10.0
	Subtotal OC 22.0	102.0	0.0	102.0	105.0	0.0	105.0	25.0	0.0	25.0	25.0	0.0	25.0
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	0.0		0.0			0.0			0.0			0.0
23.2	Rental Payments to Others - Warehouse Space	5.0		5.0			0.0			0.0			0.0
23.2	Rental Payments to Others - Residences	24.0		24.0	24.0		24.0			0.0			0.0
	Subtotal OC 23.2	29.0	0.0	29.0	24.0	0.0	24.0	0.0	0.0	0.0	0.0	0.0	0.0
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	0.0		0.0			0.0			0.0			0.0
23.3	Residential Utilities	12.0		12.0	13.0		13.0	14.0		14.0	14.0		14.0
23.3	Telephone Costs	12.0		12.0	13.0		13.0	14.0		14.0	14.0		14.0
23.3	IT Software Leases	3.0		3.0	3.0		3.0	3.0		3.0	3.0		3.0
23.3	IT Hardware Lease			0.0	3.0		3.0	3.0		3.0	3.0		3.0
23.3	Commercial Time Sharing			0.0			0.0			0.0			0.0
23.3	Postal Fees (Other than APO Mail)	1.0		1.0	1.0		1.0	1.0		1.0	1.0		1.0
23.3	Other Mail Service Costs			0.0			0.0			0.0			0.0
23.3	Courier Services	2.0		2.0	3.0		3.0	3.0		3.0	3.0		3.0
	Subtotal OC 23.3	30.0	0.0	30.0	36.0	0.0	36.0	38.0	0.0	38.0	38.0	0.0	38.0
24.0	Printing and Reproduction			0.0	2.0		2.0	2.0		2.0	2.0		2.0
	Subtotal OC 24.0	0.0	0.0	0.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations				2.0		2.0	2.0		2.0	2.0		2.0
25.1	Management & Professional Support Services				10.0		10.0	12.0		12.0	12.0		12.0
25.1	Engineering & Technical Services						0.0			0.0			0.0
	Subtotal OC 25.1	0.0	0.0	0.0	12.0	0.0	12.0	14.0	0.0	14.0	14.0	0.0	14.0

25.2	Other services	Do not enter data on this line	Do not enter data on this line	Do not enter data on this line	Do not enter data on this line
25.2	Office Security Guards	0.0	0.0	0.0	0.0
25.2	Residential Security Guard Services	0.0	0.0	0.0	0.0
25.2	Official Residential Expenses	0.0	0.0	2.0	2.0
25.2	Representation Allowances	1.0	1.0	1.0	1.0
25.2	Non-Federal Audits	0.0	0.0	0.0	0.0
25.2	Grievances/Investigations	0.0	0.0	0.0	0.0
25.2	Insurance and Vehicle Registration Fees	2.0	2.0	3.0	3.0
25.2	Vehicle Rental	1.0	1.0	1.0	0.0
25.2	Manpower Contracts	1.0	1.0	3.0	3.0
25.2	Records Declassification & Other Records Services	0.0	0.0	0.0	0.0
25.2	Recruiting activities	0.0	1.0	1.0	2.0
25.2	Penalty Interest Payments	0.0	0.0	0.0	0.0
25.2	Other Miscellaneous Services	5.0	5.0	8.0	9.0
25.2	Staff training contracts	3.0	3.0	5.0	5.0
25.2	IT related contracts	0.0	5.0	5.0	5.0
	Subtotal OC 25.2	13.0	0.0	13.0	27.0
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line	Do not enter data on this line	Do not enter data on this line	Do not enter data on this line
25.3	ICASS	280.0	280.0	290.0	290.0
25.3	All Other Services from Other Gov't. accounts	0.0	0.0	0.0	0.0
	Subtotal OC 25.3	280.0	0.0	280.0	290.0
25.4	Operation and maintenance of facilities	Do not enter data on this line	Do not enter data on this line	Do not enter data on this line	Do not enter data on this line
25.4	Office building Maintenance	4.0	4.0	4.0	4.0
25.4	Residential Building Maintenance	6.0	6.0	6.0	6.0
	Subtotal OC 25.4	10.0	0.0	10.0	10.0
25.6	Medical Care				
	Subtotal OC 25.6	0.0	0.0	0.0	0.0
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line	Do not enter data on this line	Do not enter data on this line	Do not enter data on this line
25.7	IT and telephone operation and maintenance costs	0.0	10.0	10.0	10.0
25.7	Storage Services	4.0	4.0	6.0	6.0
25.7	Office Furniture/Equip. Repair and Maintenance	4.0	4.0	4.0	4.0
25.7	Vehicle Repair and Maintenance	4.0	4.0	5.0	6.0
25.7	Residential Furniture/Equip. Repair and Maintenance	2.0	2.0	2.0	2.0
	Subtotal OC 25.7	14.0	0.0	14.0	27.0

25.8	Substance & spt. of persons (by contract or Gov't.)			0.0			0.0			0.0			0.0
	Subtotal OC 25.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26.0	Supplies and materials	8.0		8.0	8.0		8.0	8.0		8.0	8.0		8.0
	Subtotal OC 26.0	8.0	0.0	8.0	8.0	0.0	8.0	8.0	0.0	8.0	8.0	0.0	8.0
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.	10.0		10.0	8.0		8.0	20.0		20.0	20.0		20.0
31.0	Purchase of Office Furniture/Equip.	45.0		45.0	39.0		39.0	20.0		20.0	20.0		20.0
31.0	Purchase of Vehicles	30.0		30.0	25.0		25.0	0.0		0.0	0.0		0.0
31.0	Armoring of Vehicles						0.0			0.0			0.0
31.0	Purchase of Printing/Graphics Equipment			0.0			0.0	0.0		0.0	0.0		0.0
31.0	IT Hardware purchases	18.0		18.0	20.0		20.0	10.0		10.0	10.0		10.0
31.0	IT Software purchases	6.0		6.0	5.0		5.0	5.0		5.0	5.0		5.0
	Subtotal OC 31.0	109.0	0.0	109.0	97.0	0.0	97.0	55.0	0.0	55.0	55.0	0.0	55.0
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)			0.0	500.0		500.0			0.0			0.0
32.0	Purchase of fixed equipment for buildings			0.0			0.0			0.0			0.0
32.0	Purchase of fixed security equipment for buildings						0.0			0.0			0.0
32.0	Building Renovations/Alterations - Office	120.0		120.0			0.0			0.0			0.0
32.0	Building Renovations/Alterations - Residential	8.0		8.0			0.0			0.0			0.0
	Subtotal OC 32.0	128.0	0.0	128.0	500.0	0.0	500.0	0.0	0.0	0.0	0.0	0.0	0.0
42.0	Claims and indemnities			0.0			0.0			0.0			0.0
	Subtotal OC 42.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL BUDGET	1,104.0	0.0	1,104.0	1,600.0	0.0	1,600.0	984.0	0.0	984.0	984.0	0.0	986.0
Additional Mandatory Information													
	Dollars Used for Local Currency Purchases	<u>204.0</u>			<u>239.0</u>			<u>268.0</u>			<u>268.0</u>		
	Exchange Rate Used in Computations	<u>140.0</u>			<u>140.0</u>			<u>140.0</u>			<u>140.0</u>		
*	If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.												
	On that form, OE funded deposits must equal:			0.0			0.0			0.0			

Table 5. General Bureau Field Support

<p align="center">Accessing Global Bureau Services Through Field Support and Buy-Ins USAID/Albania FY 2003</p>							
Objective Name	Field Support and Buy-Ins: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)			
				FY 2002 Obligated by:		FY 2003 Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO 2.1	Political Organizations (IFES,NDI,IRI) 180-0021	High	2 Years	875		1,750	
SO 2.1	Anti-corruption 180-0021	High	2 Years	1,250		1,250	
SO 3.2	Women's Reproductive Health (TASC 936-3096.02	Medium-High	2 Years		750		750
SO 4.2	TRANSIT then START (936-0045.01)	Medium-High	2 Years		1,000		1,000
GRAND TOTAL.....				2,125	1,750	3,000	1,750

* For Priorities use high, medium-high, medium, medium-low, low

Annex 1. Environmental Impact

Part A: New or Amended IEEs

USAID assistance to Albania consists primarily of technical assistance and training and does not include capital construction. No programs with any environmental consequences or that have a construction component are planned for FY's 2002 or 2003, therefore no environmental assessments are planned at this time.

Part B: Compliance of SOs and Activities

SO#1.3: Growth in Number of Self-Sustainable Private Enterprises. This Strategic Objective will support the continued formation and growth of small and medium enterprises of all types, with emphasis on value-added activities, particularly more advanced agribusiness activities in which Albania may have a competitive advantage and export potential. It will also continue to assist in developing more efficient production technology (no biotechnology methodology is involved), improved marketing of farm output, and increased production of better quality agriculture products. It will continue to support the creation of a more efficient banking system, but perhaps equally important will be the creation of more bankable lending opportunities. Activities under this SO have generally been covered by a 22 CFR 216.2(c)(2)(i), (ii), (iii), (x), and (xiv), "Categorical Exclusions" determination. No environmental assessments are anticipated during the period.

SO#2.1: Increased Development of Civil Society Actively Involved in Economic and Political Decision-Making. The Mission revised its citizen participation strategy affirms and continues to build on citizen participation as the cornerstone of a healthy, functioning democracy in Albania. The approach focuses on increased citizen participation in economic and political decision-making processes. The participation helps ensure that the interests of citizens, including women, the poor, and minorities, are included in the decision-making processes of Albania's public institutions as they make policy, allocate resources, protect rights, and enforce laws. Activities found in this SO have generally had "Categorical Exclusions" determination for environmental assessments under 22 CFR 216.2(c)(i), (xiii), and (xiv). No environmental assessments are anticipated during the period.

SO#2.2: Legal Systems the Better Support Democratic Process and Market Reforms. Building on Albania's need for more competent legal professionals and for citizens to have increased access to justice, this Strategic Objective will focus on furthering the development of more effective legal institutions. Emphasis will be on citizen participation; necessary for both strengthening public sector legal institutions, and supporting the application and implementation of democratic and market oriented legal rights and standards. Activities under this SO are generally covered by a "Categorical Exclusions" determination for environmental assessments, 22 CFR 216.2(c)(i),(xiii), and (xv). No environmental assessments are anticipated during the period.

SO#3.2: Improved Selected Primary Health Care Services in Targeted Sites. Albania needs to provide primary health care services as a critical part of its basic social services. In support of this sector, the Mission will promote the efficient use of health resources through technical assistance for healthcare financing, improved primary health care services, and increase individual and community involvement in health information dissemination. Activities will provide technical assistance, training, and small amounts of medical equipment for health centers. Activities under this SO are generally covered by a "Categorical Exclusions" determination for environmental assessments, 22 CFR 216.2(c)(viii). No environmental assessments are anticipated during the period.

SO#4.1: Special Interests, and SO# 4.2: Cross-Cutting Programs. SO#4.1 activities are activities that do not contribute directly to a strategic objective in the country program, are time-limited, or address extraordinary circumstances requiring assistance. These activities are also essentially outside the USAID Mission's manageable interest. No environmental assessments are required as knowledge of or control over furnishing assistance (usually implemented through IAA or 632(a) arrangements), per 22 CFR 216.2(c)(1)(ii). The exception will be the Mission's buy-in to the Regional Energy Sector Reform Activity being managed by the E&E Bureau, which will be managing the program and ensuring all environmental documentation is in order. SO#4.2 funds all audit, evaluation and program support (such as personnel contract costs and program design) of the Mission. No environmental assessments are required per 22 CFR 216.2(C)(2)(x). Cross-cutting training through the participant training activity will continue and does not require an environmental assessment (22 CFR 216.2(c)(2)(i). No environmental assessments are anticipated for either SO during the period.

Annex 2. Updated Results Framework

Part A. Current Approved SOs and IRs

SO#1.3 - Growth In Number of Self-Sustaining Private Enterprises

- IR#1 - Private Sector Agricultural Production Increases**
- IR#2 - Small and Medium Enterprises Developed**
- IR#3 - Legal and Regulatory Framework Supports Private Sector Growth**
- IR#4 - Financial Sector Responsiveness to Private Sector Credit Needs Increased**

SO#2.1 - Increased Involvement of Civil Society in Economic and Political Decision-Making.

- IR#1 - Increase Citizen Participation in Public Discussion on Key Governance Issues**
- IR#2 - Increased Citizen Confidence in the Accuracy of News and Information**
- IR#3 - Increased Independence of Local Administrations from Central Government**
- IR#4 - Representative Government Institutions Strengthened**

SO#2.2 - Legal Systems that Better Support Democratic Processes and Market Reforms

- IR#1 - Competency of Legal Professionals Improved**
- IR#2 - More Effective and Fair Legal Sector Institutions**
- IR#3 - Increased Citizen Confidence in the Legal System**

SO#3.2 - Improved Selected Primary Health Care Services in Targeted Sites

- IR#1 - Health Resources More Efficiently Used**
- IR#2 - Quality of Primary Health Care Services Improved**
- IR#3 - Community Participation Increased**

SO#4.1. - Special Initiatives

(No IRs)

SO#4.2 - Cross-Cutting Program

(No IRs)

Part B. Planned Changes in Indicators

The Strategic Plan was approved on March 1, 2001. The Mission's Performance Monitoring Plan, with indicators, is scheduled to be completed by December 2001.

Annex 3. Institutional and Organizational Development

USAID/Albania(FY2000)			Institutional and Organizational Development		
ID/OD*	SO ID	IR Number	Intermediate Result Name	Indicator	Sector**
N	182-013	IR 1.3.1	Commercial business regime improved	Quantity of domestic investment	
N				Quantity of foreign investment	
N	182-013	IR 1.3.1.1		Number of registered titles to immovable property	
N	182-013	IR 1.3.1.2		Number of business groups with lobbying success	
N	182-013	IR 1.3.2	Business support services improved	Willingness to pay for business services	
N				Number of business clients receiving business services	
N	182-013	IR 1.3.2.1		Number of active professionals, technical/support staff trained and retained in Albania	
N	182-013	IR 1.3.2.2		Number of entrepreneurs using identified improved technologies	
N	182-013	IR 1.3.2.3		Quality of finance provided	
N				Repayment rate	
N				Number of loans from non-bank sources	
Y/OD	182-013	IR 1.3.3	Trade associations actives in support of private agriculture	Agricultural trade association membership by gender	PVT
N				Sustainable credit services provided through agricultural trade associations	
Y/OD				Sustainability of agricultural trade associations	PVT
N	182-014	IR 1.4.1	A sound regulated and efficient banking system established	Non-performing loans (90 days past due)	
N				Total value of deposits in private banks	
N	182-014	IR 1.4.2	Capital markets developed	Amount of government securities held by private sector increased	
N	182-014	IR 1.4.3	Collateral law implemented	Entries in collateral public notice registered	
N	182-016	IR 1.6.1	Increased local/private participation in natural resource mgmt	% of villages within USAID target areas with 1 case of both local/private participation	
N	182-016	IR 1.6.1.1		Improved environment to support local/private participation in natural resource mgmt	
N	182-016	IR 1.6.1.2		Local level requests for USAID promoted environmental services	
N				Media coverage of green environmental themes with USAID funding	
N	182-016	IR 1.6.2	Increased use of sustainable natural resource technology	No. of villages in USAID target areas replicating USAID packages w/o USAID funding	
N				No. of intra-village watershed activities	
N	182-016	IR 1.6.2.1		Sales of inputs	
N	182-016	IR 1.6.2.2		Proportion of Albanian watersheds for which assessment data--collected & analyzed	
N				No. of collaborating orgs and stakeholder groups participating in watershed assessment	
Y/OD	182-021	IR 2.1.1	More effective political parties	More women run for office	PUB
N	182-021	IR 2.1.1.1		No. of public outreach activities by major parties at the regional level	
N	182-021	IR 2.1.2	Free and fair elections	Participation in national/local elections certified by monitors as free and fair	
Y/ID	182-021	IR 2.1.2.1		Central Elections Commission develops documents detailing policies/procedures for term	PUB
Y/OD	182-021	IR 2.1.3	NGOs participating in poly, social, econ decision-making	No. of NGOs participating in policy formulation and implementation	PNP
N	182-021	IR 2.1.3.1		ENI NGO Sustainability Index	
N	182-021	IR 2.1.3.2		Legal and environmental rating from the ENI NGO Sustainability Index	
* ID (Institutional Development), OD (Organizational Development) Codes: Y=IR falls within the definition; N=IR does not fall within the definition; X=IR has been changed or modified					
** Codes: PUB=Public Sector; PFP=Public for Profit; PNP=Public Non-Profit; PVT=Private Sector					

USAID/Albania(FY2000)			Institutional and Organizational Development		
ID/OD*	SO ID	IR Number	Intermediate Result Name	Indicator	Sector**
N	182-021	IR 2.1.4	Independent media strengthened	Increased quality of print outlets	
Y/ID	182-021	IR 2.1.4.1		Media laws comply with International laws, norms, and standards	PVT
Y/OD	182-021	IR 2.1.4.2		No. of students graduated from Albanian journalist programs working in Albanian media	PVT
Y/ID	182-021	IR 2.1.4.3		Media outlets with increased advertising revenue	PVT
Y/ID				Media outlets with budgetary procedures to ensure sustainability	PVT
N	182-021	IR 2.1.5	Improved effectiveness of Parliament	Establishment of a permanent professional staff	PUB
N	182-021	IR 2.1.5.1		Parliamentary Directory available to the public	
N				Draft laws available to the public	
Y/ID	182-021	IR 2.1.5.2		Public Relations Office established in Parliament	PUB
N	182-021	IR 2.1.6	Increased demand for transparent/accountable decisions	TBD once activities begin	
N	182-021	IR 2.1.7	Increased participatory instruction adopted in educational sys	TBD once activities begin	
Y/ID	182-022	IR 2.2.1	More competent legal professionals	Numbers trained who reported better able to do their job	PUB/PVT
Y/ID	182-022	IR 2.2.1.1		Sitting judges and prosecutors who have completed Magistrates school or CLE courses	PUB/PVT
Y/ID				Number of law professionals trained including ethics, commercial/criminal law thru CLE	PUB/PVT
N	182-022	IR 2.2.1.2		Local mechanism institutionalized to disseminate legal materials	
N	182-022	IR 2.2.2	Independent judiciary in place	ABA/CEELI Index on independence of judiciary	
N	182-022	IR 2.2.3	Citizens have legal recourse	Number of cases presented to the Women's Legal Clinic	
Y/OD	182-023	IR 2.3.1	Central gov. transfers responsibility authority to local gov.	Control and/or ownership of public property, including public utilities	PUB
Y/OD				Authority of cities to issue new business licences	PUB
Y/OD	182-023	IR 2.3.2	Loc gov capable in budgeting, managing, plng, implemtng, reprtng	Number of cities implementing budget procedures based on priorities	PUB
Y/OD				Number of associations, orgs, or gov bodies advocating best practices of local gov.	PUB/PNP
N				Increased openness of local government	
* ID (Institutional Development), OD (Organizational Development) Codes: Y=IR falls within the definition; N=IR does not fall within the definition; X=IR has been changed or modified					
** Codes: PUB=Public Sector; PFP=Public for Profit; PNP=Public Non-Profit; PVT=Private Sector					

USAID/Albania(FY2000)			Institutional and Organizational Development		
ID/OD*	SO ID	IR Number	Intermediate Result Name	Indicator	Sector**
Y/ID	182-023	IR 2.3.3	Local gov provide improved services	Increase of investment in municipal services	PUB
Y/OD	182-032	IR 3.2.1.2		No. of trainers and service providers trained in reproductive health techniques	PUB/PVT
Y/OD				No. of SDPs actively providing reproductive health services	PUB/PVT
N	182-032	IR 3.2.1.3		No. of client visits	
Y/ID				No. of private sector pharmacists providing modern contraceptive counseling	PVT
N	182-032	IR 3.2.1.3.1		Government policy encourages development of sustainable distribution	
N	182-032	IR 3.2.2	Quality of hospital services and management improved	Decrease in average length of stay for Tirana hospitals	
N	182-032	IR 3.2.2.1		Reduced hospital acquired infection rate (by hospital)	
N	182-032	IR 3.2.2.2		Number of continuous quality improvement projects initiated	
N	182-032	IR 3.2.2.3		Number of new nursing care protocols developed and implemented	
N				Continuing nursing education provided	
N				Nurse job description established	
N	182-032	IR 3.2.2.4		Baseline data established for survival rate of EMS patients	
N				Increased number of hospital staff using modern EMS techniques	
N				EMS curriculum adopted in medical school	
Y/ID	182-032	IR 3.2.2.5		No. of hospitals participating in 3 year rolling capital budget	PUB
N	182-032	IR 3.2.3	Health care policy and management improved	No. of contributors to health insurance fund/estimated number covered	
Y/OD				No. of professionals using modern health management tools and techniques	PUB/PVT
Y/ID	182-032	IR 3.2.3.1		No. of health insurance contributors	PUB
Y/OD				No. of primary care physicians under contract to HII	PUB/PVT
Y/OD	182-032	IR 3.2.3.2		No. of new health care policies implemented	PUB
N	182-032	IR 3.2.3.3		Graduated degree curriculum in health management established and faculty developed	
N				No. of students enrolled in health mgmt programs at undergraduate and graduate levels	
* ID (Institutional Development), OD (Organizational Devel) Codes: Y=IR falls within the definition; N=IR does not fall within the definition; X=IR has been changed or modified					
** Codes: PUB=Public Sector; PFP=Public for Profit; PNP=Public Non-Profit; PVT=Private Sector					

Annex 4. E&E R4 Detailed Budget.

Project No.	Activity Name	FY 2001	FY 2002	FY 2003	FY 2004
SO #1.3	Growth in Number of Self-Sustaining Private Enterprises				
180-0002	Fultz School	300,000	0	0	0
180-0010	Albania Enterprise Funds	1,700,000	0	0	0
180-0014	Collateral Law (SEGIR/IRIS)	0	0	0	0
180-0014	Banking Sector (Banking Super.)	650,000	650,000	650,000	650,000
180-0023	Micro lending/Small Business	1,100,000	2,100,000	2,100,000	2,100,000
180-0023	Small Business Lending	1,000,000	1,000,000	1,000,000	1,000,000
180-0024	Enterprise Development Initiatives	0	1,150,000	1,650,000	1,600,000
180-0024	L O'Lakes Dairy Marketing	2,100,000	2,100,000	2,100,000	2,100,000
180-0024	Agr. Trade Associations/Statistics	2,000,000	2,000,000	2,000,000	2,000,000
180-0026	Govnt. to Govnt. - DOC (632b)	405,000	200,000	200,000	200,000
180-0027	FSVC Grant	373,000	750,000	500,000	500,000
180-0029	Lg.Grants Competition - Mgt.(UnNeb)	250,000	550,000	0	0
180-0029	Junior Achievement	250,000	250,000	0	0
180-0049	Restructuring Albania Agriculture	1,000,000	1,000,000	1,000,000	1,000,000
180-0049	New Agriculture Marketing Development	3,630,000	1,500,000	1,500,000	1,500,000
	New Economic Policy Strengthening	350,000	1,500,000	1,500,000	1,500,000
	Subtotal	13,408,000	14,050,000	14,000,000	13,950,000
SO #2.1	Increased Involvement of Civil Society in Econ.& Pol. Decision-Making				
180-0021	Political Orgs. (NDI, IFES, IRI)	2,250,000	875,000	1,750,000	1,750,000
180-0021	Conflict Mgt./NGO Support	400,000	1,000,000	600,000	600,000
180-0022	Professional Media Program	500,000	975,000	600,000	600,000
Regional	ICNL	100,000	100,000	100,000	100,000
180-0034	LGAD	1,400,000	1,800,000	2,000,000	2,000,000
	Subtotal	4,650,000	4,750,000	5,050,000	5,050,000
SO #2.2	Legal systems that Better Support Democratic Processes and Market Reforms				
180-0020	ABA Grant	450,000	450,000	450,000	450,000
180-0021	Anti-Corruption; New Anticorrupt. Act.	1,250,000	1,250,000	1,250,000	1,250,000
180-0026	Customs Assistance - G/SEGIR	1,665,000	0	0	0
180-0026	Commercial Law	0	1,200,000	1,200,000	1,200,000
	Subtotal	3,365,000	2,900,000	2,900,000	2,900,000
SO #3.2	Improved Selected Primary Health Care (PHC) Services in Targeted Sites.				
180-0037	Partnerships in Health Care (AIHA)	500,000	800,000	800,000	800,000
180-0038	Promotion of Health Markets (DHHS)	400,000	200,000	200,000	200,000
180-0061	Alb. Womens Reproductive Health	750,000	750,000	750,000	750,000
180-0064	Healthcare Initiative	1,725,000	1,725,000	1,725,000	1,725,000
	Pharmaceutical Management Rationalization	750,000	300,000	500,000	500,000
	Subtotal	4,125,000	3,775,000	3,975,000	3,975,000
SO #4.1	Special Initiatives				
180-0020	Democ. & Law - DOJ/AOJ (632a) (OPDAT)	1,250,000	1,250,000	1,250,000	1,250,000
180-0027	Financial Services - US Treasury (632a)	475,000	475,000	475,000	475,000
180-0030	Regional Energy Restoration	1,000,000	750,000	750,000	750,000
180-0039	Albania Watershed Management (USFS 632b)	0	0	0	0
SEED Coord.	State/Public Diplomacy	1,500,000	1,500,000	1,500,000	1,500,000
SEED Coord.	Organized Crime Task Force	750,000	750,000	750,000	750,000
SEED Coord.	Police Training/ICITAP	2,150,000	2,150,000	2,150,000	2,150,000
	Regional Infrastructure Support Project	500,000	500,000	0	0
	WB Customs Reform/Trade Facilitation	200,000	200,000	200,000	200,000
	Subtotal	7,825,000	7,575,000	7,075,000	7,075,000
SO #4.2	Cross-Cutting Programs				
180-0045	Word Learning/Transit	1,000,000	1,000,000	1,000,000	1,000,000
180-0249	Audit, Evaluation Proj. Support (AEPS)	750,000	950,000	1,000,000	1,050,000
	Subtotal	1,750,000	1,950,000	2,000,000	2,050,000
	GRAND TOTAL	35,123,000	35,000,000	35,000,000	35,000,000

* Adjusted former Strategic Plan.

Annex 5: Mainstreaming Gender in USAID/Albania

Overview

USAID Tirana has emphasized the important role of women in development from the beginning of the country program in 1992. In 1995, the Mission developed a plan for integrating gender more effectively into its programs and appointed a gender advisor. The 1998 USAID/Albania Strategic plan stated that: “recognizing the role of women in a democratic society, USAID/Albania addresses women’s and gender issues throughout its program.” The Gender Mainstreaming Annex in the revised USAID/Albania Strategic Plan approved March 2001 summarizes the situation of women in Albania and USAID/Albania’s strategy to mainstream gender through an approach that focuses on gender throughout the entire strategy, where appropriate. The Annex states that USAID/Albania will work with its implementing partners to collect gender data on beneficiaries, members, and participants throughout all of the SOs. Targeting by gender is within USAID Albania’s manageable interest. This information will help the Mission monitor gender integration in its strategic plan as well as to ensure that USAID’s partners take gender into account in their activities. Toward this end, the Mission has appointed a gender advisor in the program office who will serve as a resource person to the Mission, particularly the SO teams. The gender advisor, in addition to facilitating AID/W matters, will participate in the design of new procurements and in proposal reviews, participate in the development of the Mission Performance plan, participate in the design and development of scopes of work for major evaluations and assessments of Mission programs, ensure that future R4s address gender issues and report gender disaggregated data, liaise with the E&E bureau senior gender advisor and other donors and NGOs engaged in gender mainstreaming.

Gender Issues and Mainstreaming in the Program Portfolio

SO 1.3 Accelerated Growth and Development of Private Enterprises

Gender Issues

In Albania, most of the agricultural sector consists of small, family-owned enterprises with integrated livestock and crop production, usually limited to subsistence production. While there is regional variation in gender roles in agriculture, women everywhere play important roles in crop production and the care of livestock. Because Albanian farms are family enterprises, the work is distributed among all family members. While women do the hand labor (such as hoeing), men take responsibility for machinery such as tractors and harvesters and tasks that require great physical strength. In villages near markets, many women are heavily involved in production of vegetables and milk for sale. Vegetable and fruit production is often women’s responsibility. Women are also taking over a major part of the production process for cow milk. In villages with poor market access and a high degree of subsistence production, women are sometimes responsible for all farm activities while the husband is abroad or in the city earning money in nonfarm activities. Both men and women market farm goods but there is regional variation regarding who manages the household budget. Despite women’s important roles, most agriculture extension services and rural credit has been targeted to men, with the outstanding exception of the Land O’Lakes Dairy campaign discussed below regarding privatized farm land distributed to families by the GOA, generally the title was issued in the name of the male head of household. Only 1.6 to three percent of titles in any given region were issued to women.

Increasing numbers of women are opening small private sector businesses as well, particularly in retail and wholesale as well as services. They own an estimated 25 percent of newly registered businesses. Many women work in the informal sector in family owned micro businesses. Women face gender specific constraints on participation in business including their sole responsibility for child care and household tasks, more limited access to market and other relevant information, more limited contacts and experience, less capital or credit at their disposal, the risk of violence toward women, unwillingness to deal with corruption and for some, a lack of self confidence.

Mainstreaming

LOL enables women to acquire economic resources and to use them for capital mobilization and investment. Phase I (starting in 1993) extension training targeting women to improve quality and quantity of milk. Nearly 78 percent of the project participants increased annual income from milk sales by 10 percent, including over 31% who increased annual income by over 50 percent. Over 79 % of participants increased milk production per cow by more than 10 percent.

Phase II (1996) began once quantity and quality of milk had improved. It focuses on ensuring that participants received economic returns through access to credit (credit union formation) and technical assistance to the newly emerging dairy processing plants to ensure a growing market for raw milk. Phase III (1998) moved on to improve milk collection systems where more of the clients have been men. Training on care for sheep and goats has also been focused on men because they predominate in care and herding of these animals. LOL assisted in the formation of four NGOs, the Law and Women's Rights, SISH, an association of artificial inseminators, the Dairy Entrepreneurs National Association, and the Livestock Entrepreneurs Association of Albania. LOL has trained a total of 8841 women and 1263 men farmers since 1993 in the districts of Elbasan, Fier, Lushnje, Kruje, Lezhe, Kavaje, Tirana, Durres, and Berat.

The LOL extension network has provided a valuable base for other donor activities. LOL worked with the Irish League of Credit Unions to establish five pilot credit unions. Women in Korce had been saving in groups for several years within the LOL project framework, Their demonstrated ability to save money and trust in pooling resources, a direct results of the LOL program, significantly shortened the time needed to make the credit union functional. LOL joined CRS and Soros in an innovative program to initiate milk programs in schools. LOL dairy processors received funding from CRS and Soros to purchase dairy processing equipment and repaid the loan by distributing free milk to school children in the region. Opportunity International is loaning 25% of their portfolio to LOL women clients for the purchase of cows because they realize that LOL knows their clients and can evaluate who is a good credit risk. They also know that farmers trained by LOL have a better chance of making a profit with the cow, thus ensuring that the loan will be repaid. These and other partners regularly comment on how different the women in the LOL network are from other women in rural Albania. They are much more self-confident, entrepreneurial, and resourceful as a result of extension training and success in their family enterprises and communities.

Opportunity International (OI). In FY 2000, 1,8181 men and 458 women received business services provided through Opportunity International. OI trained 10 men and 21 women who were active or potential entrepreneurs. OI loaned \$1.37 million to men and \$355,000 to women. The proportion of delinquent loans was 3 percent for men and 2 percent for women. The targets

for FY 2001 are similarly low for women. The women who are receiving OI loans are part of the LOL dairy network, which could provide many more clients to OI.

International Fertilizer Development Center (IFDC). IFDC trained 1,472 entrepreneurs and technical professionals. Only 8 of the trainees were women, due to the low representation of women in the agribusiness sector. Future program focus will be on greenhouse vegetable production, olive oil, and poultry production – areas where women play important roles in agriculture.

The Land Tenure Center (LTC). In FY 2000 LTC trained 146 men and 280 women in a range of topics include: movable property registration, law school, urban registration and notary functions. LTC has sponsored studies on gender, land rights, and inheritance and has drafted recommendation for reform of Civil Code to clarify definition of family.

The Fultz Technical School. A high quality competency-based high school program, provides courses for young women and men in business, computer technology, electronics, and mechanics. No gender break down of enrollment was available. The University of Nebraska assisted MBA degree program at the University of Tirana has reached out to women with a result of 50 percent enrollment. Both the technical high school and the MBA programs offer females as well as males opportunities to develop essential skills for participation in the private sector.

SO 1.4 A More Competitive Market and Market-responsive Financial Sector

Gender Issues

Women played important roles in the banking system under the old regime. USAID activities are continuing to engage women's participation in this important sector by building their modern market skills through training.

Mainstreaming

Financial Services Volunteer Corps (FSVC) works with the Bank of Albania on the legal and regulatory framework. FSVC sponsored training outside of Albania for six Albanians (three women and three men and provided training and technical assistance to 40 people. While gender data are not available, both women and men have been part of these programs. The Banking Supervision Program, working with the Central Bank of Albania, trained 14 men and 14 women in a series of banking sector training sessions. Women participated in 48 percent of the sessions. Institutional Reform and the Informal Sector (IRIS) sent three women and one man to the US and Canada, respectively, for training in collateral law. Outreach seminars on collateral law included 24 bankers (12 women and 12 men); 10 lawyers (10 women and 4 men); and nine judges (4 women and 5 men). The Magistrate School, which provides the degree required to become a judge currently has 14 women and 10 men. IRIS staff observed that women students perform better than men in this school.

SO 1.6 Increased Environmental Management Capacity to Promote Sustained Economic Growth

Gender Issues

Women play important and often unnoticed roles as stewards of natural resource management in their work as farmers and caretakers of livestock. Traditionally they have gathered non-timber forest products that now have commercial value such as herbs. Women are not well represented in government offices governing forest management where they comprise less than ten percent of the workforce.

Mainstreaming

The Albanian Private Forest Development Program (APFDP) conducted a gender baseline survey in 1998 and used it as a basis to develop a gender integration strategy to extend its outreach to women farmers. APFDP adopted a strategy of concentrating its efforts in activities that are traditionally those of women, such as collection and processing of non-timber forest products and livestock care. Women's participation in training and other events in this area was 45 and 27 percent, respectively. APFDP /Heifer Project experience showed that training on pig care directed to men was not effective because women traditionally cared for pigs. Overall participation of women in APFDP activities was only 15.4 percent because a great deal of training was targeted to ministries that traditionally have been men's realms-- DGFP and DGS employees working in *komuna* forest transfer. APFDP ended in March 2001. SO 1.6 will be closed out because USAID Albania is focusing its resources on areas where it can have greater impact and leaving natural resource management in the hands of the World Bank and other donors.

SO 2.1 Increased, Better Informed Citizen's Participation in Political and Economic Decision-making

Gender Issues

The NGO sector is not well organized in Albania and very sparse outside of Tirana. Overall civic participation is limited, in part in reaction to the forced communal "participation," in the form of forced labor under the Communist regime. Out of the 400-800 NGOs reported in Albania, an estimated 81 focus on women's issues and women's rights and women comprise an estimated 50-75 percent of the NGO leadership.

Mainstreaming

The National Democratic Institute (NDI) democracy forum, is working with women and men in rural areas in Tirana and Durres to develop skills for civic participation (listening, critical thinking, consensus building). NDI facilitators who coordinate discussions among citizens include six women and four men. Village people have learned to see beyond their political differences and recognize common concerns. While there has been no special outreach to women, they have been very interested and involved. Out of 700 meetings held, 42 percent of the participants were women. Discussion groups were mixed men and women or groups of women. Issues of greatest concern to all citizens in these groups, regardless of gender, were related to infrastructure problems (water, electricity, roads etc.). When pushed to consider issues beyond infrastructure, women's groups expressed concerns such as child trafficking, the failure

of the education system, the lack of language teachers, and the idea of doing an exhibition of their handiwork to promote its sale. The next phase of discussions focuses on advocacy – how to identify an issue and communicate concerns effectively to decision-makers.

SO 2.2 Legal Systems that better Support Democratic Processes and Market Reforms

Gender Issues

Women in Albania have fewer rights than elsewhere in the region. While women and men share equal rights under the Constitutional Provisions, which prohibit gender-based discrimination, in actual practice these rights are not enforced. Women are not treated equally under secondary law. The worst discrepancies are in family law and property law. While the Civil Code and usufruct law specify that all individuals have the right to own and inherit property, custom dictates that the family property is passed from father to son and daughters lose rights to it when they marry. This occurs even in southern Albania where women consider themselves equal to their husbands within the household. In Northern Albania the *Kanun*, a system of customary law, prevails. Under the *Kanun* women are considered chattel and have little voice in household management, let alone community affairs.

Mainstreaming

The American Bar Association Central and East European Law Initiative (ABA/CEELI) volunteers have provided significant technical support over time to the formation of the Women's Bar Association and the Women's Advocacy Center. The Women's Bar Association has prepared a legal assessment of family law related to divorce and other issue. The Women's Advocacy Center is the clinical arm of the Women's Bar Association. It provides free legal consultations to women, referrals to other NGOs, and psychological counseling. Fifty-six free consultations were given in FY2000 (50 percent divorce, 10 percent marital property rights, 20 percent child support, 10 alimony and 10 percent abuse). ABA/CEELI specialists from the Regional Institution Building Assistance (RIBA) assisted the Center last year in strengthening the organization to make it more sustainable. The Women's Bar Association initiated a Women's day on November 26. They displayed banners and conducted radio interviews to create awareness of spousal abuse. ABA/CEELI also facilitated meetings of the National Judicial Conference. Currently there are 50 women judges out of 338 judges in the country. The relatively higher number of women in the three-year Magistrates School program (14 women, 9 men) bodes well for increasing participation of women in the judiciary. ABA/CEELI was instrumental in ensuring that examinations in the school are "blind" so that the reviewer does not know who has written the exam, thus significantly reducing discrimination in testing.

SO 2.3 More Effective Responsible, and Accountable Local Government

Gender Issues

Women play important "behind-the-scenes" roles in local government as engineers, planners, members of city councils, and heads of sanitation services. Few are visible in political leadership roles. In the regional councils (one level above the municipality) one out of eleven chairs, one is held by a woman. In the municipal elections held in October 2000, women won five out of 65 mayoral seats. Models for increasing women's participation in local government applied successfully in Bulgaria suggest that women can make major contributions to local

government programs if they receive appropriate training, respect and responsibility. The great interest that women have shown in the NDI Civic Forum suggests that women care about their communities and are willing to work to make them a better place for their children.

Mainstreaming

The design of the citizen participation portion of the second USAID Local Government Program is in process and will apply the Bulgarian model noted above. This activity will be added to SO 2.1 in the Revised USAID Albania Strategic Plan.

SO 3.2 Improved Sustainability of Social Benefits and Services

Gender Issues

Maternal mortality in Albania was the highest in Europe in 1990 (57 deaths per live births nationwide and 83/100,000 in the mountain regions). About half of these deaths were due to illegal abortions. After abortion was legalized in 1992, maternal mortality dropped 50 percent. Although family planning programs have been introduced, abortion continues to be the primary means of fertility control for many women. Abortion rates are roughly twice the average of the European Union (20 per 100 births). The high rate of abortion is a reproductive health issue for women as is the paucity and ineffectiveness of preventive care in reproductive health (pap smears, pelvic exams, and breast exams screening for cancer). Behavior change to alternative means of family planning requires serious involvement of men as well as women. Focus group discussions conducted in 1996 show that many women felt that their husbands would support their contraceptive use due to economic pressure on the family if he was involved in the decision and reassured about the medical safety of contraceptives by medical personnel.

Mainstreaming

John Snow International's Service Expansion and Technical Support Project (SEATS) conducted a seven-month mass media campaign to inform men and women of reproductive age where to see family planning services. It promoted a national FP logo to create awareness of the importance of FP in the four program districts of Tirana, Durres, Kruja and Kavaja. This included nation-wide television spots, a radio series, advertisements on the sides of buses, magazines and newspapers as well as 100,000 leaflets on contraceptive methods in health facilities and drug stores. A survey of the target group showed that 72 percent of the married couples had seen the TV campaign and 62 per cent had seen the ads on buses and in newspapers and magazines. 69 percent of the married men and women recognized the FP logos as a sign of FP service. The campaign reached at least 200,000 people in the program areas and many more who heard the message through the national media coverage.

SO 4.1 Special Initiatives

Gender Issues

During the past few years, the trafficking of women and girls from Eastern Europe for prostitution has been an increasing concern. The trafficking of women is as profitable as the smuggling of drugs. Over 37 percent of the trafficked females are minors. There are an estimated 20-30,000 Albanian women working abroad as prostitutes. Albania is one of the major transit countries for trafficking of women from Moldova, Romania, Bulgaria, Russia, and Ukraine.

Albanian networks purchase “Eastern Girls” from groups that control trafficking in Montenegro, Macedonia, and Greece to resell them in Italy. The law in Albania does not criminalize trafficking in persons, although anti-kidnapping laws may be used to prosecute such cases. Police treatment of women trafficked from Albania remains a problem. There are no facilities for these women and they are often detained in police stations for extended periods of time. The Government has begun to initiate limited law enforcement and legal reforms to combat the problem. The Ministry of Public Order established special police units to track down those responsible. However, the porous border, poorly trained and corrupt law enforcement and judiciary officials, and legal loopholes have hampered these efforts. Albania takes part in a number of regional projects to fight against organized crime in Central and Eastern Europe. The security table of the Stability Pact has a number of projects to fight organized crime in the region.

USAID Response

USAID has contributed \$100,000 of a total funding level of \$639,467 to the inter-agency Referral System Project for the Return and Reintegration Assistance to Victims of Trafficking. The International Organization for Migration (IOM) and the International Catholic Migration Commission (ICMC) established an assistance system to provide to Albanian and third country national victims of trafficking safe shelter, medical screening, social services, and reintegration assistance. Over 140 trafficking victims (15 Albanian and 125 third country nationals) were assisted last year.

SO 4.2 Cross-Cutting Programs (Participant Training)

Gender issues

Participant training offers opportunities for both women and men to build skills needed to improve their economic situation and contribute to the growth of a free market economy and democracy in Albania. Increasingly training takes place in countries in the region rather than the US because the regional expertise has grown and the models for action are more applicable in Albania.

Mainstreaming

From the start of the USAID Program in Albania there has been a strong commitment to give women as well as men training opportunities through participant training. Recognizing the greater disadvantages faced by women than men trying to enter the private sector or gain voice in civil society or political parties, the Mission set a high target of 50 percent participation. Special effort was made to reach out to women and overcome obstacles to women’s participation. By FY 2000, 56 percent of the trainees in US or third country training were women. Similarly, training held in Albania included 214 women and 192 men. Efforts are being made to ensure that the training activities support the activities in the mission SO and require participants to train or inform others in their profession or community upon their return.

Annex 6. Success Stories

Development of Information Technology - Bank of Albania

Frank Osborn, Sr. Vice President and Director of Technology Audit for the Bank of America, worked, through the Financial Service Volunteer Corps, for Albania's Central Bank to examine organizational efficiency and project management issues and offer recommendations and practical solutions. At the end of his assignment, Osborn recommended the establishment of an Information Technology Steering Committee, and recommended new resource allocations. Based on his recommendations, major changes were made to the organization structure of the Central Bank:

- An Information Technology Steering Committee (ITSC) was formed, composed of representatives from both business and IT units.
- Line management responsibilities and the organizational communications structure were redefined, with resources and responsibilities clearly allocated.
- Two new units have been created within the structure of the department - Help Desk and Security and Internal Quality Control.
- Mr. Osborn has agreed to return to Tirana in June 2001 to provide additional assistance to the IT department in the areas of project management, control and security, and internal audit as it relates to the IT department.

Building an Inter-bank Communication Network

In support of an IMF pilot project to improve data collection in Albania, the Financial Service Volunteer Corps provides ongoing assistance to help the Bank of Albania design a PC-based, inter-bank data communication network (IDCN) that will allow banks to transmit data to the central bank electronically, in real-time. Two American information technology specialists volunteered their time to develop a project plan and recommend appropriate hardware and software to build the network and ensure its security, reliability, and flexibility. The Supervisory Council of the Bank of Albania adopted the IDCN plan.

The volunteers returned in late June 2000 to assess the progress of the project, outlining additional functions for the IDCN system so that software code development for the new system could proceed and advised the Bank of Albania staff on IT security system configurations. The volunteers have agreed to return to the Bank of Albania a third time, for the testing phase of the IDCN in June 2001, to ensure that the database is fully operational.

Entrepreneurs Receive Micro Credit Opportunities

Gezim has already taken his second loan from Opportunity International. When he first heard about OI, he was buying most of his goods on credit, a common practice for traders in Albania. However, when you buy on credit, the wholesaler sets the price and the retailer, like Gezim, is limited to a small mark-up. By purchasing his own stock, Gezim was able to increase his profit margin and invest more back into his business. This is a family business and he manages it with

the help of his wife and sons. For Gezim, a relationship with a professional, fair and fast lender like OI is invaluable, and he looks forward to continued cooperation in the future.

Hajrije Muja is a member of the first Opportunity International group loan in Lushnja, a small agricultural city in the south. Hajrije heard about OI as most clients do, through door to door marketing, a strategy that reaches its target market of poor and unbankable entrepreneurs who would not normally respond to traditional marketing methods, as they are new to credit. Hajrije was especially surprised that someone was offering her credit, as she is of the Roma ethnicity, which is subject to much discrimination in Albania. Hajrije found two other friends who had micro business activities, and they co-guaranteed each other's loan. Hajrije trades children's clothes and some seasonal items like rubber boots and umbrellas. Her daughter sews shoes that her mother sells. Hajrije and her two partners received loans of 70,000 lek (USD 500) each. OI gave them three pre-loan meetings where the group learned how to prepare cash flow projections. She used her loan to diversify her inventory as it was near the New Year and many people buy gifts. There are now many more items in her shop and business is going well. Hajrije has paid every loan on time and is almost ready for her second loan.

Rovena Hoxha was the first client of Opportunity International's newest branch office in Fier. Rovena is 26 years old and worked as a secretary and also a computer teacher in two different private schools in Fier. Rovena loves computers and had always wanted to start her own business trading and maintaining computers and other electronic equipment, but her father consistently discouraged her, saying that as a woman, she would not find start-up capital. The OI loan officer listened to her plans, helped her prepare a cash flow analysis, and presented her application to the credit committee. Rovena was approved for a loan of 250,000 lek (USD 1,800) to purchase inventory and repair her shop. She worked for two months to complete the shop and make it pleasant while maintaining her other job as a school teacher. Now the shop is full of computer equipment, phones and other electronic items. Her father is convinced that she can make the business work and even manages the shop when Rovena is teaching.

International Fertilizer Development Center Improves Agribusiness

The Biggest Milk Processor in Albania. Experienced cheese maker Aqif Caca faced a difficult decision when the state owned factory where he was employed was closed at the demise of Albania's centrally planned economy. He could either escape to Italy in search of a better life, or stay and build a new life and business in the emerging free market economy. With only \$350, his inheritance from his father, Caca bought some bricks and mortar and built his own milk and cheese plant. He constructed the building in stages, plowing his profits back into his business for plant expansion.

The young Mireli plant faced many difficulties, such as electric power interruptions, which spoiled the milk. Through an Agribusiness Center sponsored by the International Fertilizer Development Center, the Mireli plant procured a power generator and pasteurizer and purchased three new refrigerated trucks. Since 1992 the Mireli factory has doubled in size, and its output of milk increased from 500 to 10,000 liters a day. Today Mireli is the largest liquid milk supplier in Tirana, serving over 100 shops every day.

With help of USAID assistance, Mr. Caca's dedication to high quality products and excellent customer service is making his company the premier dairy processor and supplier in Albania.

The fruit and vegetable industry is one in which Albania, with its Mediterranean climate and fertile soil, has a natural competitive advantage. After the privatization of state-owned agro-processing coops, former employees kept the plants alive, but with old machinery still in use, little adjustment to the laws of supply and demand, and fierce competition from imports, production was low. One of these privatized agro-processing plants is EN&ZY Ltd., owned by Mr. Enver Ferizaj, about 60 kilometers from Tirana. EN&ZY is a founding member of the Horticulture Albanian Business Association (HABA), created with IFDC assistance and now one of the strongest agribusiness associations in Albania.

Cooperative farms of the communist times have left farmers deeply distrustful of working together. Despite this, through HABA, Mr. Ferizaj has formed contract agreements with producers to supply him with tomatoes and peppers. The association also helped EN&ZY to source raw materials and packaging machinery, and to expand both export and domestic markets. With the backing of this association, EN&ZY has obtained two loans totaling \$400,000 in working capital. Both have been repaid on time.

Albanian Poultry Industry. Mr. Hqmet Driza owns DRIZA LTD. Located in the town of Patos, 130 kilometers from Tirana. After privatization of the poultry production plants, producing broilers was considered too risky. But Mr. Driza's determined persistence enabled him to overcome the obstacles placed by outdated machinery and lack of management experience and technical know-how. He started operations in 1997 with 20 employees, producing at 44 percent of capacity.

Technical assistance provided by the International Fertilizer Development Center (IFDC) included advising in management, upgrading technology, increasing capacity utilization, marketing, and sourcing of suppliers and financing. DRIZA has joined the IFDC-assisted Albanian Poultry and Feed Association, increasing his supplier and marketing networks. In three years, DRIZA's gross revenue increased 500 percent. Starting with 6 broiler units, the owner has bought six more; this year he is targeting a 90 percent capacity utilization. His number of employees has shot up from 20 to 50; and through IFDC assistance he has been able to obtain two credit lines for a new slaughterhouse and for working capital. Originally the company sold only in the immediate area; but it not supplies the most developed markets in Albania, including the capital Tirana, where competition with foreign imports is fierce. DRIZA's next goal is to export to nearby markets such as Kosovo. Mr. Hqmet Driza and his company serve as a role model to the business community in Albania.

Participant Training Provides Hands-On Learning Opportunities

Private dairy processors go to Bulgaria. Until just a few years ago, there were no private dairy processors in Albania. State dairies were antiquated, and workers only knew one small segment of the task. As a result, few of the current private dairy processors have a comprehensive view of their industry. In April 2000 8 women dairy workers participated in a training program in Stara Zagora, Bulgaria. A few impacts:

- Mrs. Lirie Velo is improving both quality and marketing of her products. She has improved hygiene at her dairy and now uses a Ph analyzer. She improved her hard yellow cheese by pouring boiled whey over it. The program also changed her attitude toward customers; she is more polite and offers free samples.
- Mrs. Tavari has really cleaned up her dairy, putting in damage resistant tiles. She has started to produce gouda based on techniques observed during training. She has produced a marketing leaflet and hired a sales manager, and results are clear: sales are up, especially of mozzarella cheese.

Credit union members train in Hungary. The lack of credit, especially in small amounts, has slowed development of agriculture and small agribusiness. With lack of confidence in the banking system exacerbated by the failure of the pyramid schemes in 1997, the only way out for many was to form their own small credit unions. Land O'Lakes (LOL) has a long history of working with thousands of women in rural areas of Albania, and has created credit unions with women in the Korca district. In January 2000, World Learning sent 10 members of LOL-supported credit unions to Hungary, to visit credit unions and meet other practitioners in a more sophisticated market. As a result, all credit unions represented experienced immediate growth in members and level of deposits. Within four months of their return, the largest, Beekeepers, reported a 25 percent increase in capital and a 9 percent increase in membership. In another union, Bulgarec, membership increased by 108 percent and they gave their first loans for improved plumbing.

Land O'Lakes Helps Dairy Farmers Improve Quality Control

The owners of CIKOMILK dairy in Elbasan have always tried to collect good quality raw milk for their operation. However, even though they have good relations in the area, it has been hard to improve milk quality. They recently asked Land O'Lakes to help them organize milk collection in their area. A milk collection station began operating in February 2000. The quality of raw milk improved significantly after the installation of the cooling tank, with fat percentage increasing from 2.2 percent to 3.6 percent. Family incomes have improved significantly as well, with farmers earning 30 lek a liter, up from 26 lek a liter, as they learn that people will pay more for higher quality milk.

A group of Albanian women, with help from Land O'Lakes, received a UNDP grant of \$3,100 to construct a milk collection station in Metaj village in the south of Albania. Before opening this station, farmers sold their milk to a collector at 20 lek a liter. Now that farmers collect their own milk, they have contracted with a dairy processor who will pay a premium for quality milk. Farmers now receive 28 lek a liter, an increase of 40 percent.

To educate consumers, two USAID-funded activities, Land O'Lakes and IREX, collaborated to produce and televise public service announcements on safe dairy products. A local television channel is contributing 30 minutes of free air time to televise a roundtable discussion on this subject organized by DENA, a USAID supported association of women dairy workers, in collaboration with the Albanian Consumers Association, the Ministry of Agriculture and others.

Institutional Reform and Informal Sector (IRIS)

USAID has supported the development of a Collateral Law to assist in the promotion of loans against intangible property. With the passage of the Collateral Law in 2000, IRIS established a “Registry for Securing Charges” in December 2000 to enable individuals to list their movable or intangible property. This will serve as a basis for establishing a credit bureau against which banks can verify that individuals have listed their property, their percent of ownership, and the potential worth against which loans can be made. For Albania to make the transition to a market economy, it is crucial that credit mechanisms are in place for small businesses and for individual sole proprietors. The Registry began operating in February of 2001 and has already acquired 200 registries by the end of March. By the end of the year, the Registry Director expects to have over 1,000 participants. The implementation of a sound means of acquiring credit is a critical step in Albania’s efforts to transform the society from a socialist economy to one of capitalism. After all, the availability of credit greases the entire market system.

The Civic Forum Albanian Program

In February 2000, the National Democratic Institute (NDI) initiated Civic Forum Albania. This program supports the democratic process in Albania by helping to develop grassroots citizens’ knowledge of the fundamental principles and practices of democracy. The program provides citizens with the opportunity to develop techniques and skills for using the democratic process to solve community problems. Eight Albanian field coordinators work within the Districts of Tirana and Durres in both rural and urban areas. There are plans to expand to another district by mid 2001. The role of the field coordinators is to develop close relationships with citizens, local elected representatives, businesses and other community members to form small discussion groups. In April of 2001, Civic Forum had established linkages with some 50 different citizen discussion groups, comprised of over 900 citizens, in 7 of 8 communes in the District of Durres and in 15 of 17 communes in the District of Tirana. Once local citizens have acquired more knowledge about democratic processes, the field coordinators begin working with them to improve the skills they need to become more actively engaged in problem-solving in their communities. Citizen awareness and participation are the fundamental ingredients of building a truly civil society. Most recently (March 2001), the Civic Forum conducted an attitudinal survey of citizen attitudes (from their own membership). The survey, while essentially informal in design, did reveal real differences between the District of Tirana and Durres. More such surveys with greater design rigor are anticipated for the future.

A National Day of Justice

ABA/CEELI (American Bar Association/Central and East European Law Institute) played an instrumental role in organizing and convening a National Day of Justice on May 10th 2000. This was the first such event since the passage of the new Albanian Constitution in October of 1998. The entire thrust of the celebration was to inform citizens about judiciary procedures now underway in the nation, the workings of the Parliament, and how open meetings can be conducted in a democracy. Representatives of the judiciary and law school students conducted public mock trials for citizens to observe the role of judges, prosecutors, and the defense

attorneys. The public viewed these trials with great interest—in fact, ABA/CEELI is planning to conduct more such trials in the future. Additionally, members of Parliament arranged for tours by college students to see the workings of the Parliament and the legislative process in action. Of most interest, CEELI put on an open Town Hall Meeting for ordinary Albanians to put questions and comments about the law to experts and high officials. This event was televised and received great press coverage. Citizens, public officials, members of the judiciary all agreed that much was learned by all about how the rule of law can and should work in a democracy.

Annex 7. Close out Report – SO 182-014

OPERATING UNIT: Albania

STRATEGIC OBJECTIVE: A more competitive and Market-Responsive Private Financial Sector

APPROVAL DATE: 1995

GEOGRAPHIC AREA ASSISTED: Albania

TOTAL COST OF SO:

USAID funding Account: \$ 11,747,000

Counterpart contributions: \$ 2,100,000

Estimated resources from other partners: \$ 3,600,000

PRINCIPLE IMPLEMENTING PARTNERS: USAID funded: U.S. Treasury; Barents Group's Bank of Albania Bank Supervision, Regulation, and Licensing Project; Deloitte Touche Tomhatsu's Albania Privatization Support Project; Financial Service Volunteer Corps; World Learning; the Chesapeake Foundation through the indigenous think-tank, the Albanian Center for Economic Research (ACER); and the U.S. Securities and Exchange Commission (SEC)

Funded from other sources: The IMF is the lead donor on fiscal and macroeconomic policy advice. The World Bank is working to privatize the banking sector: they have privatized the Commercial Bank and are working on privatization of the Savings Bank. They have advised the Ministry of Finance on resolving pyramid schemes, and coordinates all donor financial-sector assistance; also provides funding for the collateral registry. GTZ provides technical assistance to privatizing banks and works with bankruptcy procedures. The EU has worked with the new Chart of Accounts for the banking sector. The British Know-How Fund has been active in capital markets.

OVERALL IMPACT AT SO AND IR LEVEL:

SO Level:

- The amount of credit extended by Albanian banks increased steadily from the baseline year 1995, when 5 billion lek were extended, through FY 2000, with 45 billion lek. In every case except FY 1998 (due to the financial crisis resulting from the pyramid scheme debacle), the actual figure exceeded targets.
- The proportion of credit funds lent, used by private sector, also steadily increased, from 58 percent in 1995, to almost 85 percent in FY 2000. With the exception of FY 1999, when this percentage dropped from 83 to 52 percent (probably in response to the 1998 financial crisis), this figure rose steadily, exceeding targets every year.

IR Level:

- A new banking law, drafted and vetted with USAID guidance, was enacted in July 1998.

- The Small Business Tax Law and the Fiscal Code, drafted by USAID advisors, were also enacted, in FY 1998 and FY 1999.
- With USAID assistance, the Rural Commerce Bank was liquidated in FY 1998. The National Commerce Bank was privatized in FY 2000. The State Savings Bank was restructured, made solvent, and prepared for privatization, which is scheduled to begin in FY 2001.
- USAID assistance to the Ministry of Finance directly complemented World Bank and IMF structural adjustment programs. Based on GOA's satisfactory performance in meeting fiscal and macroeconomic targets, the IMF approved an Economic Structural Adjustment Agreement in May 1998.
- With USAID assistance, the GOA passed a Collateral Law in October 2000.

SIGNIFICANT CHANGES IN RESULTS FRAMEWORK:

The USAID Revised Strategic Plan for Albania, approved in March 2001, eliminated SO 1.4, combining its activities into a single Strategic Objective, 1.3: Growth in Number of Self-Sustaining Private Enterprises. The previous SOs 1.3 and 1.4 tended to isolate private enterprise development activities from private banking sector development. All activities in these two areas now converge on a similar result, which is the deepening of private enterprise in terms of production, investment, employment, and sales. With successful completion of the non-strategic privatization activities, the new focus directs financial sector improvements to the sustainable growth of private enterprise.

The SO originally contained six IRs:

1.4.1: A sound, regulated and efficient banking system established: Assistance to the BoA continues to be important; USAID programs in this area will continue under SO 1.3.

1.4.2: Ministry of Finance Functioning Effectively: In FY 1998 this assistance area was dropped, to be covered by other donors

1.4.3: Publicly owned banks restructured: While this USAID-sponsored activity was discontinued in FY 1998, the US Treasury continued to advise on bank privatization through a 632(a) program which is closely coordinated with USAID activities.

1.4.4: Component Capital Market Institutions In Place: While USAID agreed in its new Strategic Plan (approved March 2001) that capital markets activities were premature at this time, they agreed to revisit this in about 18 months' time (leading FY 03)

1.4.5: Collateral Law Implemented: This activity will continue under SO 1.3.

1.4.6: Insolvent Non-Bank Financial Schemes Liquidated: This activity was finished in FY 2000.

SUMMARY OF ACTIVITIES AND MAJOR OUTPUTS:

Banking System. USAID's technical assistance program to the Bank of Albania (BoA) began in 1996. Since then it has been assisting in strengthening the BoA's supervision department to regulate and monitor the banking system, enforce banking laws and regulations, and strengthen bank licensing and liquidation policies.

Activities:

- Two resident Treasury advisors emphasized assisting the BoA in licensing newly established commercial banks and professionalising the banking supervision department.
- Through ACER, USAID conducted intensive public education efforts to inform the general public about the need for sound regulated private banking system and the risks in using banks versus the informal sector. ACER estimates that it has reached two-thirds of Albania's newspaper readers and 30 percent of the relevant people involved in bank-related issues.
- In FY 2000, training was provided in ethics and professional conduct, the CAMELS rating system, management of bank examinations, fundamental macroeconomic forecasting and analysis techniques, and for on- and off-site supervisions.
- USAID's bank supervision activity is helping the BoA perform a self-assessment on 25 Basic Committee Core Principles of banking supervision.

Outputs:

- In FY 1998 USAID assistance helped draft and implement a new Chart of Accounts based on international accounting standards. All banks are required to report their quarterly financial statements based on this new Chart.
- The law has been amended to reestablish the independence of the BoA, strengthening the licensing provisions and enforcement, and closing the loopholes that could lead to a resurgence of the pyramid schemes.
- The BoA banking department was restructured into three distinct units. Unit managers were selected from experienced employees.
- A new banking law was drafted and vetted with bankers; it became law in July 1998.
- Newly revised regulations for licensing and liquidity were approved by BoA's supervisory council;
- Six members of on-site supervision unit received US-based training in basic bank examination and inspection.
- In FY 1999 USAID prepared a strategy for a real-time gross settlement system and designed a PC-based Interbank Communications Data Network (ICDN). This system will allow commercial banks to submit regulatory data in real time. Both are in implementation phase.
- As a result of the Bank Supervision program, off-site reviews and written analyses of each licensed bank are now conducted quarterly.

Fiscal Policy.

Activities:

- USAID activities included a campaign on public acceptance of taxes, a study of the reorganization of the tax policy, local training on effective audit techniques, and a study on effective use of audit resources.

Outputs:

- USAID assisted the Albanian Tax administration in drafting the Small Business Tax Law, which was passed in FY 1998.
- The Basic World Tax Code was translated into Albanian to provide the Albanian Tax Administration with guidance for future legislative reform.

Restructuring State Banks. USAID technical assistance has been active here since 1996; but there was little progress prior to the 1997 crisis. The period since then has seen more progress:

Outputs:

- In December 1997 the state-owned Rural Commercial Bank was closed, with liquid assets and deposits transferred to the Savings Bank.
- A Bank Asset Resolution Trust was created in 1998 to liquidate the non-performing loan portfolios of the remaining state bank.
- The National Commercial Bank was privatized in 2000, as a joint venture between a Turkish bank, the EBRD and the IFC.
- The Savings Bank has been made solvent, and its tender for privatization should be offered by June of 2001.

Capital Markets.

Activities:

- USAID provided assistance to the institutional development of the Tirana Stock Exchange, including such issues as collaboration with privatization agencies and other capital market institutions, as well as the specific steps needed for the development of trading systems.

Outputs:

- Through participation in several international conferences and meetings, USAID arranged for the Albanian Securities Commission (ASC) to obtain necessary information on international standards and practices.
- Through assistance from the US Securities and Exchange Commission, USAID also delivered training on broker-dealer examination licensing and regulatory procedures to the ASC.

Collateral Law.

Activities:

- Work has proceeded with USAID assistance through University of Maryland's IRIS program since September 1996, but with interruptions due to the crises. Ongoing focus of this program will be on implementation of the registry and giving assistance at the crucial trial period when the first cases go to court.
- The IRIS program is also collaborating with German assistance program GTZ on bankruptcy law, which is also necessary for a collateral system to function.
- An IRIS advisor has given seminars and trainings to lawyers, judges, execution officers, and bankers in implementation of this new system.

Outputs:

- A collateral law was passed in 2000, as were regulations on the organization of the registry and legislation limiting liability of the Government for mistakes in the registry.
- The registry itself opened in December 2001 and began operations in February 2001.

Insolvent non-bank financial institutions liquidated

Outputs:

- USAID supported the World Bank's efforts to administer, audit, and wind down the pyramid schemes. A valuation of the assets of these schemes, along with an audit, was concluded in FY98. A total of 12 of the collapsed schemes were also put under GOA administration and audited with World Bank assistance.

PROSPECTS FOR AND THREATS TO LONG TERM SUSTAINABILITY:

The financial sector cannot develop in an environment of macroeconomic instability, particularly high and volatile inflation. The IMF indicates that progress so far has been satisfactory. A functioning judiciary that can enforce laws, particularly as they apply to property rights, is critical for proper functioning of the financial sector. The historical lack of a rule of law culture in Albania and the extremely weak judiciary need to be addressed to achieve long-term sustainability. The financial sector needs a payments system that can process with reliability and some efficiency both cash and non-cash transfers between banks.

Threats to sustainability could include civil unrest in surrounding regions like Kosova or Macedonia. The current financial crisis in Turkey could affect financial stability in the region.

LESSONS LEARNED:

PERFORMANCE INDICATORS/ASSESSMENT OF USEFULNESS: With two evacuations by the Mission and three strategic plans in eight years, there was a confusing list of performance indicators. While some continue to be useful, many were proven too complex to implement, and some have outlived their usefulness. The following indicators prevailed during the period that the SO was in place.

SO 1.4 More competitive and market-responsive private financial sector.

1. Amount of credit extended: This does serve as an indication of increasing public confidence in the banking sector.

2. Percent of above credit funds extended used by private enterprises: This can be seen as indicating an increasing willingness by banks to lend to the private sector, and by private enterprises to take on credit. However, the figures can be misleading, as "private sector" can also refer to inefficient state-owned assets that have been privatized and continue to hold bank loans.

3. Percent of private enterprises using formal financial sector funds: This indicator was never used. It was discontinued in FY 1998.

IR 1.4.1 A sound, regulated and efficient banking system established

1. Non-performing loans (90 days past due) This has been a difficult indicator to assess accurately in this region.

2. Return on assets in banks. This indicator was never used, discontinued in 1999.

3. *Risk based violations taken by the Bank of Albania against banks:* This has little meaning in the Albanian context. The mere absence of violations taken by the BoA, does not mean that violations are not occurring.
4. *Total value of deposits in private banks.* This again indicates two things: increase in public confidence in private banks and privatization of state-owned banks. After the future privatization of the last remaining state owned bank, this indicator should simply be “total value of deposits in banks”.

IR 1.4.1.1 Improved public awareness of risks in banking system

1. *Survey question(s) to measure public understanding of their risk in using banks/informal sector:* Given the multiple evacuations and tight security, this survey was not feasible; this indicator was never used.

IR 1.4.2 Ministry of Finance functioning effectively

1. *Revenue collections (tax revenue as a percentage of GDP).* This indicator was only used for one year; it was dropped in FY 1999.
2. *Tax compliance (portion of registered tax payers filing declarations)* This indicator was never used
3. *Compliance audits (Evaluations of randomly selected Control Unit audits for audit quality on 0-100 scale).* This indicator was only used for FY 1998.
4. *Net new issuance targets for government securities (Yearly targets for new issuance of Treasury Bills).* This indicator was only used for 1998.
5. *Budgetary discipline (Difference between planned and actual budget balance as proportion of actual budget).* This indicator was never used.
6. *Appropriate legal reforms made (Legal reforms targeted by USAID that are published with appropriate documentation).* This indicator was only used in 1998.
7. *Legal reforms implemented (Tax registration growth, measured by number of registered tax businesses).* This indicator was only used in 1998.

IR 1.4.2.1 Improved public awareness of benefits from paying taxes

1. *Survey questions to measure public view on benefits of taxation (Survey question(s) appending to existing survey instrument. Score equals 0-100).* Due to tight security and conditions in Albania, this survey was not feasible. This indicator was never used.

IR 1.4.3: Publicly owned banks restructured

1. *Private bank capital compared to public bank capital (ratio not reduced).* This ratio was not used.
2. *Number of bank deals (privatization or liquidation) closed (deals are transfers of buildings, assets, and/or liabilities of part or whole of each bank for purposes of privatization, measured by number of agreements).* This indicator was dropped in FY 1999.
3. *Appropriate legal reforms made (legal reforms targeted by USAID that are published with appropriate documentation).* This seems to be a repeat of 1.4.2, #6.

4. *Legal reforms implemented (proportion of legal reforms targeted by USAID that are implemented).* Clearly implementation is a more important indicator than simply passing of legislation; but a clearer definition is needed of what “implementation” entails.

IR 1.4.4: Component Capital Market Institutions in Place

1. *Trading Mechanism in place that is not for-profit, member-owned, and financially viable (fully functioning Tirana Stock Exchange, unit: yes/no)* This proved to be premature; and this indicator was dropped in FY 1999. “One off” (yes/no) indicators are of limited use.

2. *Independent securities regulator in place including comprehensive securities laws enacted.* This proved to be premature and was dropped in FY 1999. Again, “one off” indicators (yes/no) are of limited use.

3. *Percentage of government securities held by private sector increased:* If this is taken to mean all securities – not just bank securities – this indicator should indeed show an increase in a functioning secondary market, and with it increasing public confidence in a capital

IR 1.4.5: Collateral law implemented

1. *Legislation passed that secures transactions for asset-based lending (unit: yes/no):* This indicator has been accomplished in FY 2000 and is no longer relevant.

2. *Entries in collateral public notice register.* This indicator has just become relevant in FY 2001; while this indicator shows that the collateral register is being used, the important number is the number of loans that are facilitated through the collateral registry.

IR 1.4.6 Insolvent non-bank financial schemes liquidated

1. *Cumulative proportion of insolvent non-bank financial schemes liquidated.* This activity has been completed and the indicator is no longer relevant.

IR 1.4.6.1 Improved public awareness of risks of unsecured financial investments

1. *Survey questions to measure public understanding of risks in financial investments.* Again, given the situation in Albania, this survey was not done. This indicator was not used.

EVALUATIONS AND SPECIAL STUDIES:

INSTRUMENT CLOSE OUT REPORTS: There are no close out reports for ongoing activities. Due to the evacuation in FY 1998, earlier reports are unavailable.

CONTACTS:

Mr. Terry Blagg, COP for KPMG/Barents Bank Supervision Activity.

Ms. Kian Schuerman, Program Officer, Financial Services Volunteer Corps Albania.

Mr. Yair Baranes, Director, IRIS/Albania.

Dr. Zef Preci, Executive Director, Albanian Center for Economic Research.

Annex 8. Close Out Report – SO 182-0160

OPERATING UNIT: ALBANIA

STRATEGIC OBJECTIVE: Increased Environmental Management capacity to Support Sustainable Economic Growth

APPROVAL DATE: 1998

GEOGRAPHIC AREA ASSISTED: Albania

TOTAL COST OF SO:

USAID funding Account: \$ 10,387,000

Counterpart contributions: \$ 600,000

Estimated resources from other partners: \$ 21,000,000

PRINCIPLE IMPLEMENTING PARTNERS: USAID funded: Chemonics Albanian Private Forestry Development Program (APFDP); US Forest Service Inventory & Monitoring Institute; IPM/CRSP Management Entity in Virginia Technical University.

Funded from other partners: Albania Forestry Project (World Bank) Animal Husbandry Research Institute, Botanical Garden, Directorate General of Forest and Pasture, Ministry of Agriculture and Food, Forest and Pasture Research Institute, Greek Livestock Institute, Nursery Association, Private Forest Owners Association, Regional Environmental Center, Willow Management Association, Albanian Soil Research Institute, Hydro-meteorology Institute, National Water Council of Albania, Military Topographic Institute, Faculty of Geology and Mines, Faculty of Forestry (Agricultural University of Tirana), Mining and Processing Technical Institute, GIS Albania, Albanian Forest Progress Association, Albanian Land Use Association, FAO, Experimental Station of Fruit Tree Research in Vlora District.

OVERALL IMPACT AT SO AND IR LEVEL:

The Watershed Management and the Integrated Pest Management projects have been in place only one year, which is inadequate to document impact. These projects will be continuing under SO 4.1 and SO 1.3 respectively. The APFDP had the following impact:

At the SO 1.6 level:

- Increased land area under improved management. From 5.9 hectares in 1996 to 62,704 by the end of the project in 2001.

At the IR level:

- Reformed policies supportive of forestry/pasture initiatives on private and refused public lands and reformed policies supportive of small non timber forest product (NTFP) and livestock initiatives: Forest and Pastures Sector Strategy and operational plan, Improvement of Refused Lands Legislation (Law 8047), Seedling exemption from value added tax,

completion of legislation on forest lands lease holding, guidelines on registration of forests and pastures, definition of criteria on State forests and pastures to be transferred to *komunas*.

- Economically viable and ecologically sustainable land use practices adopted: the number of villages with at least one replication of USAID introduced packages without USAID funding increased from 46 in 1997 to 308 by 2001 and local level request for extension services increased from 104 in 1997 to 1599 in 2001.
- Increased capacity of public organizations, NGOs and private suppliers to provide extension services: the sales of inputs increased from 148,000 *Lek* in 1998 to 2,297,200 *Lek* in 2001.
- Increased public awareness and participation: media coverage of “green” environmental themes increased from 10 hours in 1992 to a total of 600 hours by 2001 and from 50 articles in 1997 to a total of 1,310 by the end of the program.

APFDP also contributed to SO 1.3, Accelerated Development and Growth of Private Enterprise, under which the program was initiated prior to the development of SO 1.6.

- A total of 2,263 part-time and 665 full time jobs were generated; 92 enterprises were established or expanded. The increased value of agriculture production was \$4,766,260.

SIGNIFICANT CHANGES IN RESULTS FRAMEWORK

The USAID Revised Strategic Plan for Albania, approved in March 2001, eliminated SO 1.6 because the Mission does not have the resources to effectively manage “environmental management capacity” on a broad scale. Integrated Pest Management will directly support SO 1.3, as a mechanism to extend new technologies to farming enterprises. The Watershed Assessment moved to SO 4.1, Special Initiatives.

SUMMARY OF ACTIVITIES AND MAJOR OUTPUTS:

A. APFDP

The goal of APFDP was to increase Albanian rural household incomes. At the same time it aimed to alleviate and, ultimately, reverse forest environmental degradation by encouraging and supporting sustainable private sector forestry management on privately owned lands and on communal forests and pastures. Objectives included policy development to foster sustainable forestry on private (market based) and communal lands, forest management, a demonstration replication approach involving private and public sectors, and development of a public and private extension network and service support system for managers of private and community forest and grazing land.

Activities:

- Collaborated with the World Bank funded Albania Forestry Project and DGFP on development of the *National Forests and Pastures Strategy*; collaborated with DGFP and FAO on the development of DGFP’s first operational plan for NFSP implementation.

- Facilitated and supported working groups and field studies and conducted workshops on numerous policy issues including refused lands, transfer of state forests for *komunas*, restitution and management of private forests, leasehold forestry, forestry revenue accounts, and non-timber forest products.
- Support research by Albanian specialists on: small scale forestry activities, community forestry management, the relationship between forestry management and livestock management, survey of refused lands and marketing of willow and willow products.
- In collaboration with the DGFP and World Bank Funded Albanian Forestry Project, conducted five regional workshops on the process for *komuna* forest transfer; and how to develop plans for pasture management; in collaboration with the Regional Environmental Center, Albania conducted seven training courses on the same topics for NGOs.

Outputs:

- Collaborating with farmers, Forest and Pasture Research Institute and Forestry Sciences Faculty, established two demonstration plots on chestnut improvement; collaborating with the Soil Research Institute, introduced vetiver grass and established three demonstration sites to test its potential for erosion control; established two non-irrigated polyphyte pasture improvement demonstration plots; developed an agroforestry and nursery training site at the Botanical center.
- Conducted 70 training courses for livestock groups and local veterinarians and supported study visit of 12 livestock group leaders and six GOA livestock officials in Macedonia; supported 15 livestock groups and distributed 197 head of improved animals (sheep, pigs, goats).
- Supported the establishment of twenty Forest User associations in *komunas* where transfers were taking place.
- Developed numerous extension packages (on livestock, forestry, *komuna* forests, non-timber forest products etc). and organized meetings with farmers to provide market information and credit line information.
- Conducted extension training course for 12 DGFP forest technicians and 11 private forestry extension agents; sponsored study tours for ten DGFP and private extension agents to see alternative forestry extension systems and for five private nursery owners to see up to date nursery techniques in Turkey.
- Assisted in the development of a national Willow Management Association and a Botanicals Trade Association
- Conducted 15 courses on business management, record, and accounting for private nursery operators, willow producers and processors, herb and spice dealers, livestock group members and other entrepreneurs; conducted three regional training courses on marketing for private nursery operators and herb and spice dealers; conducted six willow production workshops;

sponsored advanced willow industry study tour to Hungary for six willow producers and processors;

- Sponsored participation of seven NTFP entrepreneurs in Hamburg International Herb and Spice Fair; published and distributed directory of Albanian herb and spice dealers.

B. The Albanian Watershed Assessment

The Albania Watershed Assessment was initiated late in 1999 to strengthen the capacity of Albania's government research institutes and universities to monitor and manage the natural resources that have been continually degrading since 1990. Objectives included: identifying factors responsible for watershed degradation and developing and implementing a management plan to mitigate the problems.

Activities:

At the outset, the project team consulted with stakeholders and identified two major watershed areas covering 25 percent of Albania's land area. During the year 2000, representatives from universities, government ministries, institutes, and NGOs collaborated in data collection, analysis, and mapping of various features of the watershed area and digitized the 799 thematic maps and 124 topographic maps produced during the assessment.

Outputs:

To date, the project has strengthened "state of the art" methodologies in watershed assessment and introduced a watershed management approach to environmental management. The project engaged a number of government and NGO partners in this effort. Gaining the collaboration of all these government and research entities was an important accomplishment as well. The findings of the assessment will be summarized in a report and mitigation strategy and presented in late 2001.

C. Integrated Pest Management

Initiated early in FY 2000, the Integrated Pest Management Project focuses on olives, tomatoes, and cucumbers -- crops with high production losses due to pests. It also aims to change the pest control orientation of farmers from heavy use of pesticides to an IPM approach that optimizes crop production and minimizes damage to human health and environment. Planned interventions include: socioeconomic and biological research on IPM, policy recommendations to encourage use of IPM and other sustainable technologies, training of Albanian scientists on IPM, and development of training materials for Albanian farmers in collaboration with local institutions. Attention to gender issues and institutionalization of IPM are high priorities.

Activities:

The focus of field research for FY 2000 was pests, diseases, nematodes, and weeds that affect olive production and quality. Field data will be used to develop models to forecast outbreaks, to establish acceptable levels of chemical pesticide use, and to develop an appropriate IPM system for olives in Albania.

PROSPECTS FOR AND THREATS TO LONG TERM SUSTAINABILITY:

Rehabilitation and restoration of Albania's natural resource base is key to sustainable economic growth in Albania. Nowhere is this more evident than in the nation's hydroelectric dams and irrigation canals where siltation due to overcutting and over grazing on the hillsides will negate investments made in these sectors. The World Bank and FAO will follow up on the work done by APFDP on the Forest Act revision. The Land Tenure Center will begin to register forests and pastures. World Bank funds are providing an engine for rehabilitation on transferred forest and pasture thus the start of a public extension organization is in place as the APFDP project closes out.

The World Bank is currently designing a rural development project linking *komuna* forest transfers, botanicals, and livestock development – the major sources of income in rural areas. APFDP established small, informal private forestry policy working groups that can effectively apply advocacy skills. For example, the Nursery Association successfully lobbied for the removal of the VAT on seedling sales and they are calling for more transparency in DGFP bids for seedlings and other goods and services. At first the GOA looked at the environmental NGOs with great distrust. Now they are routine participants in the policy arena and GOA often calls on them to provide training to DGFP staff.

In summary, it appears that there is now a critical mass of organizations and individuals in Albania who recognize that forestry needs to be done under the principles of community and social forestry with: a focus on people rather than just trees; management done locally rather than externally; management based on a relationship with the forest rather than activities done to the forest; and sustainable use of forest products to protect and improve the forest and improve incomes and quality of life. The key question for sustainability is whether donors will be able to allocate enough resources to have an long term impact on the problems.

LESSONS LEARNED:

- Meaningful natural resources institutional and policy reform in Albania appear to have several requisites:
 - People must recognize a need for sustainable forest/natural resource management. To achieve this, population must reach a level that demands an observable increase in the use of resources and society must perceive that its resources may be degraded and depleted in the future if current levels of use continue.
 - Field activities should drive policy and institution reform initiatives. Policies and legislation from the capital have little impact in the field and people have little trust in national Government.
 - The impetus and ideas for policy improvement have to come from within. The most effective role of the project team is that of facilitator between various policy stakeholders, providing training, resources and technical report, not to “enlighten” Albanians about their problems and need for change.
 - Diversity and flexibility in participation are important to achieve successful policy initiatives. Experience has shown that different policy issues affecting forestry involve very different groups of policy stakeholders for different problems (eg. land policy, development of forest extension capabilities, transfer of state forests to the local level. Diverse team composition led to a balanced and integrated approach to problems. The

original design for APFDP called for a core “policy advisory group” that would have addressed all the issues. It is likely that establishment of such a group would have discouraged officials from tackling key policy issues under its auspices.

- Informal village-based associations may have a greater chance of sustainability than national-level associations. National associations established by APFDP may go dormant after the project funds end because of poor leadership, competition/distrust among members, and member’s greater interest in their own fledgling businesses, as have associations established by other donor activities. Informal village-based associations are more active and sustainable. Livestock groups supported by APFDP have expanded their range of activities on their own initiative and with no external funds. This could have implications for work with democracy and civil society and other sectors as well.

PERFORMANCE INDICATORS ASSESSMENT OF USEFULNESS:

Two personnel evacuations by the Mission and three strategic plans in eight years led to a confusing list of performance indicators. That said, the following list of indicators prevailed during the period that the SO was in place.

SO1.6 Increased environmental management capacity to promote sustained economic growth.

1. *National Plan/strategy for Albania’s resources sector, developed, agreed to and initiated.* Initiation of such a policy is necessary step toward increased environmental management capacity but not a measure of it, i.e. this is an input rather than a result that might have been better placed at the IR level.
2. *Area of rural land brought under improved management in USAID assisted areas.* This was a useful indicator for the SO level.

IR 1.6.1 Increased local and private participation.

1. *Percentage of villages within USAID target area have at least one case of both local and private participation.* The percent of 2800 (base) villages was not a useful measure. Villages vary in size, thus a few large villages could reflect more impact than many tiny villages. What was actually reported was villages with which the APFDP project was working. All of these included local and private participation.

IR 1.6.1.1 Improved enabling environment that supports increased local and private participation in improved natural resource management.

1. *Number of Decisions passed by the Council of Ministers.* This was not a useful indicator. APFDP experience showed that national level policies had little impact on local and private participation in natural resource management. In addition, decisions passed do not necessarily produce an improved enabling environment; they lay the groundwork for it.

2. *Policies implemented.* The definition of this indicator was unclear. What was actually reported were formal agreements between DGFP and *kommuna* passing on State owned forest and pastures to the local government level.

IR 1.6.1.2 Increased Public Awareness and Participation

1. *Local level requests for USAID promoted environmental services.* This was a useful measure.
2. *Media coverage of “green” environmental themes without USAID funding.* Media coverage is not a measure of public awareness and participation; it is a means to achieve it.

IR 1.6.2 Increased use of environmentally friendly, sustainable resource technology.

1. *Number of villages in target areas with at least one replication of USAID introduced packages without USAID funding.* This was a useful indicator but the definition was not clear and could be misinterpreted.
2. *Number of intra-village watershed activities.* This measure was introduced in the 1998 strategic plan when the design for the watershed assessment included community organization work addressing issues such as land tenure uncertainties, social conflicts, and needs and use patterns for natural resources. Subsequently that aspect of the project was eliminated, thus no activities supported it.

IR 1.6.2.1 Increased capacity of public organizations, NGOs, and private suppliers to provide extension services.

1. *Sales of inputs.* This was a useful indicator.
2. *(dropped) local level requests for extension services.* This indicator was dropped because it overlapped with indicator one for IR 1.6.1.2.

IR 1.6.2.2 Improved knowledge and information about watershed conditions and management options for their protection and restoration.

The IR is input oriented rather than results oriented and refers to the whole country rather than the two watershed areas that are within the Mission’s manageable interest.

1. *Proportion of Albanian watersheds for which information and assessment data has been collected and analyzed.* To measure the IR as stated, management options should have been added to the indicator.
2. *Number of collaborating organizations and stakeholder groups participation in watershed assessment.* This could be a useful indicator for a more results oriented IR.

EVALUATIONS AND SPECIAL STUDIES: See APFDP Final report for an extensive list of studies and reports. Watershed management and IPM studies are described in the section on Major activities.

INSTRUMENT CLOSE OUT REPORTS: Albania Private Forestry Development Program Final Report (Contract No. EPE-C-00-95-00127-00) submitted to USAID March 2001 by Chemonics International Inc.

CONTACTS: Alicia Grimes, EE/EEST, AID/W, Kristaq Jorgji, Agricultural Specialist, USAID/Tirana.

Annex 9. Close Out Report – SO 182-0230

OPERATING UNIT: ALBANIA

STRATEGIC OBJECTIVE: More Effective, Responsive and Accountable Local Government

APPROVAL DATE: October 1995 – October 2000

GEOGRAPHIC AREA ASSISTED: Albania

TOTAL COST OF SO:

USAID funding Account: \$13,628,000

Counterpart contributions: \$ 1,000,000 est

Estimated resources from other partners: \$5,800,000 est

PRINCIPLE IMPLEMENTING PARTNERS: Development Alternatives International (DAI) was the Prime Contractor and Mendez-England served as the sub-contractor for Public Administration Program/Albania (PAP/A) activity and the Urban Institute was the sole contractor for Local Government Assistance Initiative.

Funded from other sources: The World Bank and bilateral programs (e.g., Italy, Greece, Japan) provide support in constructing local infrastructure (water, sewerage, etc.) projects, and the GTZ has provided some technical assistance and training to local communities. The Netherlands (VNG) is also active in developing the capacity of local governments. The Council of Europe provides equipment to selected municipalities and supports decentralization efforts.

OVERALL IMPACT AT SO AND IR LEVEL:

SO Level:

- The legal framework to support local government fiscal autonomy is complete with the approval by Parliament in July 2000 of the Law on Local Government (the "Organic Law", number 8652) on budget policy.
- The legal framework for local government autonomy is nearly complete with the February 2001 approval of the General Law on Public Property and the Law on Transfer of Public Property to Local Governments. Only one law, that of Intergovernmental Relations, remains in Parliamentary process and passage is expected in FY2001.

IR Level:

- An increase in the number of cities implementing budget procedures based on priorities. Assessing the degree to which cities are participating in the Albanian Government's decentralization efforts is a critical key result. Up through 2000, nine municipalities received technical assistance in budgeting and overall capacity building. This is an important development given the history of Albania where municipalities have not traditionally controlled their own budgets.

- Increased investment in municipal services. The overall goal of the Government's decentralization plan is to promote investment in municipalities that will benefit their constituents. The Urban Institute estimated that the level of local municipal investment increased 21 percent compared with a base line of zero in FY 1998.
- Number of cities with active public participation increased. In promoting the development of democratic processes at the local community level, assisted cities are encouraged to have public hearings for expenditure priorities as expressed by their constituents. Currently some 20 municipalities developed capital improvement plans with the participation of local citizens.

SIGNIFICANT CHANGES IN RESULTS FRAMEWORK:

The USAID Revised Strategic Plan for Albania, approved in March 2001, consolidated the activities in SO#2.3 and moved them into the new SO# 2.1, Increased Involvement of Civil Society in Economic & Political Decision-Making. SO# 2.3 was eliminated in the new strategy. Local Government Assistance and Decentralization Initiative activity that was awarded in early FY2001 under the old strategic framework has been moved to SO# 2.1.

While the new local government law will facilitate decentralization, successful decentralization will depend upon the continued political willingness of the Government to follow through with financial allocations. USAID plans on continuing technical assistance to municipalities enabling them to take on new responsibilities.

SUMMARY OF ACTIVITIES AND MAJOR OUTPUTS:

USAID advisors have achieved: (1) achieved the formation of a National Committee of Decentralization chaired by the Deputy Prime Minister and composed of representatives from the Association of Locally Elected People (municipalities, communities and districts) and the Ministries of Finance and Local Government; (2) produced a National Decentralization Strategy in cooperation with special task force and receiving approval by the Council of Ministers; (3) identified a series of laws needed for autonomous local government operations; and (4) budgeting support and training in pilot municipalities.

Working through the National Committee on Decentralization, a strategy was devised in concert with the Albanian Association of Mayors (now the Albanian Association of Municipalities) delegating functions and responsibilities to municipalities, establishing procedures for sharing revenues, and setting norms for operating municipal financial systems. Municipalities effectively have had no authority in the past. This strategy was subsequently approved by the Council of Ministers in January 2000 and enacted into law in June as the Law of Local Government. In Albania, there are 65 municipalities and 309 *komunas* (villages), which constitute possible targets for this program. During the program, considerable progress has been made to enable municipalities to successfully manage their own affairs.

- In nine pilot municipalities, USAID strengthened local institutional capacity through assistance in developmental budgeting, training in assessing priority needs, the preparation of

a manual designed to provide basic guidelines and standards in municipal financial management, as well as support for participatory processes.

- Twenty municipalities were assisted by USAID in developing capital improvement plans (CIPs). Local citizens participated in assessing the basic needs of their community and prioritizing how available resources could be used to improve local infrastructure. Six communities are now using these plans as the basis for responding to donor requests for providing assistance.
- Through its public administration assistance efforts, USAID is helping local communities to produce economic development plans consisting of community profiles, analysis of community economic activities, and an assessment of the strengths and weaknesses of the community economic sector. These plans are intended to become the basis for devising new business activities in the community in the forthcoming years.
- Citizen Information Centers were created with the assistance of USAID funds in four cities to share information with members of the local community. Information sharing enhances the level of accountability to local citizens and promotes an increased level of support for local governance. In the coming year, 36 additional centers are planned for introduction in other Albanian municipalities.
- USAID continues to support the promotion of more effective, responsive, and accountable local governments through educational efforts. In June and July, 14 training workshops were conducted throughout Albania for mayors of *komunas* and smaller municipalities. Participants came from all but one of the country's 36 districts—some 238 mayors or 64 percent of all local government units. These workshops resulted in extensive outreach and network building in support of developing viable local communities.

PROSPECTS FOR AND THREATS TO LONG TERM SUSTAINABILITY:

Successful decentralization will, in the end, be the result of the political willingness of the Government to follow through with financial allocations. At that point, the process would require specific training assistance in planning and budgeting procedures so that municipalities can take on their own responsibilities. Municipalities should also be supported in establishing citizen assistance centers and economic development offices to establish and implement economic development plans, designing and implementing public/private partnerships (water, sewer, transportation, etc.), and establishing practices to ensure continue citizen participation. The Mission has taken a long-range view to the sustainability issue; critical elements of this program have been moved to SO#2.1 to increase the Mission's involvement in this program.

LESSONS LEARNED:

While it is early to accurately assess lessons learned from the activities to be closed-out, there are, however, some preliminary indications that time of engagement to make progress is critical. The bottom line: Building strong, self-sustaining local governments take time; usually more time than is normally programmed under bilateral programs. It takes time for international and local staff to clearly assess the problems and obstacles to overcome, design a good strategy to reach

the objective, develop a trust and understanding of both central and local government participants, and to develop a sense of "common good" versus "more for me."

PERFORMANCE INDICATORS /ASSESSMENT OF USEFULNESS:

SO2.3 More effective, responsive and accountable local government.

Indicator: Legal framework in place for local government autonomy.

This indicator was measured by the adoption of statutes that enabled decentralization. This was a useful indicator.

Indicator(s): Financial autonomy at local level.

1. Percent of Government expenditures under the control of municipalities communes, and
2. Percent of revenues collected and under control of municipalities and communes.

This indicator and sub-indicators can be useful indicators for assessing financial autonomy; however, benchmarks of performance need to be established for measuring autonomy.

IR 2.3.1 Central Government Transfers Responsibility and Authority to Local Government.

This was a single event indicator based on the passage of the Law of Local Government that call for transferring some conditions of local authority to local communities and communes as well as permitting these entities to levy fees and collect taxes. Once achieved, this indicator is no a longer relevant measure.

IR 2.3.2 Local Government Capable in Budgeting, Planning, Managing, Implementing, and Reporting.

Indicators (s):

1. Number of cities implementing budget procedures based on priorities;
2. Number of associations, organizations, and/or government bodies, advocating best practices of local government; and
3. Increased openness of local government.

Each of the 2.3.2 indicators have problems requiring better definitions of what is attempted to be measured. Of the three, number one is potentially useful; items 2 and 3 are too vague as currently not defined to be useful predictors of community behavior. More to the point, IR 2.3.2 should be made more precise as a result.

IR 2.3.3 Local Government Provides Improved Services.

1. Increase of investments in municipal services; and percent increase of local budget invested in services.

These are potentially useful indicators; however, the quality of the data available to arrive at a reliable measure is a constraint. Also, numerous extraneous factor impinge on these measures that mitigate their usefulness over time.

IR 2.3.4 Increased Openness of Local Government.

This is addressed under 2.3.2 making it redundant; openness needs to be defined more rigorously for this IR to have any serious application

IR 2.3.5 Local Government Support for Economic Development.

This is not a useful indicator; a more rigorous definition is needed for this IR.

EVALUATIONS AND SPECIAL STUDIES: Due to two evacuations by USAID and its supporting contractors (February – August 1997, August 1998 – May 1999), no evaluations were conducted on PAP/A.

CONTACTS: Bart Kennedy: Tirana, Albania (now with the Urban Institute) and Steve Rosenberg, former Chief of Party for PAP/A, now at the DAI Home Office.